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LEGISLATIVE HISTORY

Public Law 87-70
S. 1922

May 27, 1961	Rep. Edgar (R., Tenn.) S. 1922 with an amendment to the House Banking and Currency Committee. Text of bill as introduced.
May 29, 1961	Senate Banking and Currency Committee reported S. 1922. S. Report No. 231. Title of bill and report.
May 31, 1961	House Subcommittee started to report S. 1922 and bill amended.
May 31, 1961	Senate passed S. 1922.
	House committee voted on report (but did not officially report) S. 1922.
Jun. 1, 1961	House committee reported S. 1922 with amendments. S. Report No. 231. Title of bill and report.
	Senate began debate on S. 1922.
Jun. 2, 1961	Senate continued debate on S. 1922.
Jun. 3, 1961	Senate continued debate on S. 1922.
Jun. 7, 1961	Senate continued debate on S. 1922.
	Report of S. 1922 as amended.
Jun. 8, 1961	Senate continued debate on S. 1922.
Jun. 17, 1961	Senate passed S. 1922 with amendments.
Jun. 20, 1961	House Rules Committee reported a resolution for consideration of S. 1922. H. Res. 171. Title of resolution and report.
Jun. 21, 1961	House began debate on S. 1922.
Jun. 22, 1961	House passed S. 1922 with amendments and a substituting language of H. R. 507, as amended. S. 1922 was then titled.

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INDEX AND SUMMARY OF S. 1922

- Mar. 29, 1961 Rep. Rains introduced H. R. 6028 which was referred to the House Banking and Currency Committee. Print of bill as introduced.
- May 19, 1961 Senate Banking and Currency Committee reported S. 1922. S. Report No. 281. Print of bill and report.
- May 24, 1961 House subcommittee voted to report H. R. 6028 to full committee.
- May 26, 1961 Senate passed over S. 1922.
- House committee voted to report (but did not actually report) H. R. 6028.
- Jun. 1, 1961 House committee reported H. R. 6028 with amendment. H. Report No. 447. Print of bill and report.
- Senate began debate on S. 1922.
- Jun. 2, 1961 Senate continued debate on S. 1922.
- Jun. 6, 1961 Senate continued debate on S. 1922.
- Jun. 7, 1961 Senate continued debate on S. 1922.
- Digest of H. R. 6028 as reported.
- Jun. 8, 1961 Senate continued debate on S. 1922.
- Jun. 12, 1961 Senate passed S. 1922 with amendments.
- Jun. 20, 1961 House Rules Committee reported a resolution for consideration of H. R. 6028. H. Res. 350, H. Report No. 554. Print of resolution and report.
- Jun. 21, 1961 House began debate on H. R. 6028.
- Jun. 22, 1961 House passed H. R. 6028 with amendments and S. 1922, substituting language of H. R. 6028, as amended. H. R. 6028 was then tabled.
- House conferees were appointed.

INDEX AND SUMMARY OF S. 1922 Cont'd

- Jun. 26, 1961 Senate conferees were appointed on S. 1922.
- Jun. 27, 1961 House received conference report on S. 1922. H. Report No. 602. Print of conference report.
- Jun. 28, 1961 Both Houses agreed to conference report on S. 1922.
- Jun. 30, 1961 Approved: Public Law 87-70.

DIGEST OF PUBLIC LAW 87-70

HOUSING ACT OF 1961. Provides for moderate and low income housing and promotes urban development, urban renewal, and community facilities.

Amends section 501 (b) of the Housing Act of 1949 to permit lessees of farmland to be eligible for assistance under the farm housing program the same as farmowners are eligible for such assistance.

Amend section 502 (b) of the Housing Act of 1949 to permit a farm housing loan to be made without taking a mortgage on the farm itself, thus making it possible to avoid burdensome closing and servicing costs in the case of small home-improvement loans for which a real estate mortgage is not necessary.

Amends sections 511, 512, and 513 of the Housing Act of 1949 to extend the farm housing program for 4 years until June 30, 1965.

Amends section 511 of the Housing Act of 1949 to make available until June 30, 1965, \$200 million in addition to the unused balance of approximately \$235 million of the \$450 million previously authorized for the 5 years ending June 30, 1961, for making building loans on adequate and potentially adequate farms.

Amends section 501 of the Housing Act of 1949 to provide that farm housing loans may be made to owners of land in rural

areas which does not qualify as a "farm" to assist the owners in providing dwellings and related facilities for their own use and, in the case of applicants engaged in farming, buildings for their farming operations.

Adds a new section 514 to the Housing Act of 1949 which authorizes the Secretary of Agriculture to insure and make commitments to insure loans to the owners of farms, associations of farmers, States or their political subdivisions, or public or private nonprofit organizations for the purpose of providing housing and related facilities for domestic farm labor. The aggregate amount of the principal obligations of the loans insured shall not exceed \$25 million in any one fiscal year.

Amends section 506 of the Housing Act of 1949 to authorize the Secretary of Agriculture to conduct research and technical studies with a view to promoting the construction of adequate farm dwellings; to develop data and information on the adequacy of existing farm housing, the nature and extent of needs for farm housing (including needs for financing and for improved design, utility, and comfort), problems faced by farmers and others in the purchasing, constructing, improving, altering, repairing, and replacing farm housing, the interrelation of farm housing problems and the problems of housing in urban and suburban areas, and any other matters bearing upon adequate farm housing. Authorizes appropriations of \$250,000 a year for 4 years for the research program.

Amends section 508 of the Housing Act of 1949 to change the per diem compensation of members of local farm committees from \$5 to an amount to be determined by the Secretary of Agriculture. Amends section 508 of such Act to require that committees make recommendations on the amounts of loans or grants rather than certifying their opinions as to the reasonable values of farms.

87TH CONGRESS
1ST SESSION

H. R. 6028

H. R. 6028

IN THE HOUSE OF REPRESENTATIVES

MARCH 29, 1961

Mr. RAINS introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the “Housing Act of 1961”.

4 TITLE I—HOUSING FOR MODERATE INCOME
5 FAMILIES

6 FHA MORTGAGE INSURANCE

7 SEC. 101. (a) The National Housing Act is amended
8 by inserting the following heading preceding section 221:

1 “HOUSING FOR MODERATE INCOME AND DISPLACED
2 FAMILIES”.

3 (b) Section 221 of such Act is amended by—

4 (1) amending subsection (a) to read as follows:

5 “(a) This section is designed to assist private indus-
6 try in providing housing for low and moderate income fami-
7 lies and families displaced from urban renewal areas or as a
8 result of governmental action.”;

9 (2) striking out in subsection (b) “any mortgage”
10 and inserting in lieu thereof “any mortgage (including
11 advances during construction on mortgages covering
12 property of the character described in paragraph (3)
13 and (4) of subsection (d) of this section)”;

14 (3) amending clause (A) in subsection (d) (2)
15 to read as follows: “(A) not to exceed (i) \$9,000 in
16 the case of a property upon which there is located a
17 dwelling designed principally for a single-family resi-
18 dence, (ii) \$18,000 in the case of a property upon
19 which there is located a dwelling designed principally
20 for a two-family residence, (iii) \$27,000 in the case of
21 a property upon which there is located a dwelling de-
22 signed principally for a three-family residence, (iv)
23 \$33,000 in the case of a property upon which there is
24 located a dwelling designed principally for a four-family
25 residence: *Provided*, That the Commissioner may in-

crease the foregoing amounts to not to exceed \$15,000,
\$25,000, \$32,000, and \$38,000, respectively, in any
geographical area where he finds that cost levels so
require;”;

(4) striking out the third proviso in subsection
(d) (2) and the colon preceding the proviso;

(5) amending subsection (d) (3) to read as
follows:

“(3) if executed by a mortgagor which is a public
body or agency, a cooperative (including an investor-sponsor who meets such requirements as the Commissioner may impose to assure that the consumer interest is protected), or a limited dividend corporation (as defined by the Commissioner), or a private non-profit corporation or association regulated or supervised under Federal or State laws or by political subdivisions of States, or agencies thereof, or by the Commissioner under a regulatory agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such manner as in the opinion of the Commissioner will effectuate the purposes of this section, the mortgage may involve a principal obligation in an amount—

“(i) not to exceed \$12,500,000;

“(ii) not to exceed for such part of such property or project as may be attributable to dwelling

1 use (excluding exterior land improvements as de-
2 fined by the Commissioner), \$2,250 per room (or
3 \$8,500 per family unit if the number of rooms in
4 such property or project is less than four per fam-
5 ily unit), except that the Commissioner may in his
6 discretion increase the dollar amount limitation of
7 \$2,250 per room to not to exceed \$2,750 per room,
8 and the dollar amount limitation of \$8,500 per fam-
9 ily unit to not to exceed \$9,000 per family unit, as
10 the case may be, to compensate for higher costs in-
11 cident to the construction of elevator type structures
12 of sound standards of construction and design, and
13 except that the Commissioner may increase any
14 of the foregoing dollar amount limitations contained
15 in this paragraph by not to exceed \$1,000 per room
16 without regard to the number of rooms being less
17 than four, or four or more, in any geographical area
18 where he finds that cost levels so require; and

19 “ (iii) not to exceed (1) in the case of new con-
20 struction, the amount which the Commissioner esti-
21 mates will be the replacement cost of the property
22 or project when the proposed improvements are
23 completed (the replacement cost may include the

land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner), or (2) in the case of repair and rehabilitation the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation: *Provided*, That such property or project, when constructed, or repaired and rehabilitated, shall be for use as a rental or cooperative project, and low and moderate income families or families displaced by urban renewal or other governmental action shall be eligible for occupancy in accordance with such regulations and procedures as may be prescribed by the Commissioner and that the Commissioner may adopt such requirements as he determines to be desirable regarding consultation with local public officials where such consultation is appropriate by reason of the relationship of such project to projects under other local programs; or";

(6) striking out in subsection (d) (4) "which is not a nonprofit organization" and inserting in lieu thereof

1 “other than a mortgagor referred to in subsection (d)
2 (3)”;

3 (7) amending subsection (d) (4) (ii) to read as
4 follows:

5 “(ii) not exceed, for such part of the property or
6 project as may be attributable to dwelling use (exclud-
7 ing exterior land improvements as defined by the Com-
8 missioner), \$2,250 per room (or \$8,500 per family
9 unit if the number of rooms in such property or
10 project is less than four per family unit) except that
11 the Commissioner may in his discretion increase the
12 dollar amount limitation of \$2,250 per room to not to
13 exceed \$2,750 per room, and the dollar amount limita-
14 tion of \$8,500 per family unit to not to exceed \$9,000
15 per family unit, as the case may be, to compensate for
16 higher costs incident to the construction of elevator type
17 structures of sound standards of construction and design,
18 and except that the Commissioner may increase any of
19 the foregoing dollar amount limitations contained in this
20 paragraph by not to exceed \$1,000 per room without
21 regard to the number of rooms being less than four, or
22 four or more, in any geographical area where he finds
23 that cost levels so require;”;

24 (8) striking out in subsection (d) (4) (iv) the lan-
25 guage preceding the second proviso, and “: *And pro-*

1 *vided further,*” and inserting in lieu thereof the follow-
2 ing: “not exceed 90 per centum of the sum of the esti-
3 mated cost of repair and rehabilitation and the Commis-
4 sioner’s estimate of the value of the property before
5 repair and rehabilitation if the proceeds of the mortgage
6 are to be used for the repair and rehabilitation of a prop-
7 erty or project: *Provided,*”;

8 (9) striking out in subsection (d) (5) “but not to
9 exceed forty years from the date of insurance of the
10 mortgage” and inserting in lieu thereof “but as to mort-
11 gages coming within the provisions of subsection (d)
12 (2) not to exceed forty years from the date of begin-
13 ning of amortization of the mortgage”;

14 (10) inserting a colon and the following proviso
15 before the period at the end of subsection (d): “*Pro-*
16 *vided,* That a mortgage insured under the provisions of
17 subsection (d) (3) shall bear interest (exclusive of any
18 premium charges for insurance and service charge, if
19 any) at not less than the annual rate of interest deter-
20 mined, from time to time by the Secretary of the Treas-
21 ury at the request of the Federal Housing Commissioner,
22 by estimating the average market yield to maturity on all
23 outstanding marketable obligations of the United States,
24 and by adjusting such yield to the nearest one-eighth of
25 1 per centum”.

1 (11) inserting the following at the end of subsec-
2 tion (f) : “A property or project covered by a mortgage
3 insured under the provisions of subsection (d) (3) or
4 (d) (4) shall include five or more family units. The
5 Commissioner is authorized to adopt such procedures and
6 requirements as he determines are desirable to assure
7 that the dwelling accommodations provided under this
8 section are available to families displaced from urban
9 renewal areas or as a result of governmental action.
10 Notwithstanding any provision of this Act, the Commis-
11 sioner, in order to assist further the provision of housing
12 for low and moderate income families, in his discretion
13 and under such conditions as he may prescribe, may in-
14 sure a mortgage which meets the requirements of sub-
15 section (d) (3) of this section as in effect after the effec-
16 tive date of the Housing Act of 1961, with no premium
17 charge, a reduced premium charge, or with a premium
18 charge for such period or periods during the time the in-
19 surance is in effect as the Commissioner may determine,
20 and there is hereby authorized to be appropriated, out
21 of any money in the Treasury not otherwise appropri-
22 ated, such amounts as may be necessary to reimburse
23 the Section 221 Housing Insurance Fund for any net
24 losses in connection with such insurance. No mortgage
25 shall be insured under subsections (d) (2) and (d) (4)

1 of this section after July 1, 1963, except pursuant to a
2 commitment to insure before that date, or except a
3 mortgage covering property which the Commissioner
4 finds will assist in the provision of housing for families
5 displaced from urban renewal areas or as a result of
6 governmental action.”;

7 (12) inserting the following paragraph after para-
8 graph (2) in subsection (g) :

9 “(3) as to mortgages meeting the requirements of
10 this section that are insured or initially endorsed for in-
11 surance on or after March 29, 1961, notwithstanding the
12 provisions of paragraphs (1) and (2) of this subsection,
13 the Commissioner, in his discretion, may in accordance
14 with such regulations as he may prescribe, acquire a
15 mortgage loan that is in default and the security there-
16 for upon payment to the mortgagee in cash or in de-
17 bentures of a total amount equal to the unpaid principal
18 balance of the loan plus any accrued interest and any
19 advances approved by the Commissioner and made
20 previously by the mortgagee under the provisions of the
21 mortgage, and after the acquisition of the mortgage by
22 the Commissioner the mortgagee shall have no further
23 rights, liabilities, or obligations with respect to the loan
24 or the security for the loan. The provisions of sections

1 204 and 207 relating to the issuance of debentures shall
2 apply with respect to debentures issued under this sub-
3 section, and the provisions of sections 204 and 207 re-
4 lating to the rights, liabilities, and obligations of a mort-
5 gagee shall apply with respect to the Commissioner
6 when he has acquired an insured mortgage under this
7 subsection, in accordance with and subject to regulations
8 (modifying such provisions to the extent necessary to
9 render their application for such purposes appropriate
10 and effective) which shall be prescribed by the Com-
11 missioner, except that as applied to mortgages insured
12 under this section (1) all references in section 204 to
13 the 'Fund' or 'Mutual Mortgage Insurance Fund' shall
14 refer to the 'Section 221 Housing Insurance Fund',
15 (2) all references to 'section 203' shall refer to this sec-
16 tion, and (3) all references in section 207 to the 'Hous-
17 ing Insurance Fund', 'Fund', or 'Housing Fund' shall
18 refer to the 'Section 221 Housing Insurance Fund.'";
19 (13) striking out in paragraph (3) of subsection
20 (g) "this paragraph (3)" each place it appears and in-
21 serting in lieu thereof "this paragraph" and renumber-
22 ing paragraph (3) to be paragraph (4) ; and
23 (14) striking out in the last sentence of subsection
24 (h) "cash adjustments," and inserting in lieu thereof
25 "cash adjustments, cash payments,".

1 AMENDMENTS OF HOUSING ACT OF 1949

2 SEC. 102. Section 101 (c) of the Housing Act of 1949
3 is amended by—

4 (1) striking out “under section 220 or 221” and
5 inserting in lieu thereof “under section 220 or section
6 221 (d) (3)”;

7 (2) striking out “of section 220 (d), or under sec-
8 tion 221 of the National Housing Act, as amended, if the
9 mortgaged property is in an area described in clause
10 (3) of section 221 (a) of said Act, or in a community
11 referred to in clause (2) (B) of said section” and insert-
12 ing in lieu thereof “of section 220 (d) of the National
13 Housing Act”; and

14 (3) striking out clause (iii) and renumbering
15 clause “(iv)” to be clause “(iii)”.

16 TITLE II—HOME IMPROVEMENT AND
17 REHABILITATION

18 HOME IMPROVEMENT AND REHABILITATION IN URBAN
19 RENEWAL AREAS

20 SEC. 201. Section 220 of the National Housing Act is
21 amended by—

22 (a) striking out the provisos in subsections
23 (d) (3) (A) (i) and (d) (3) (B) (ii) and inserting in
24 lieu thereof in each subsection the following: “*Provided,*
25 That in the case of properties other than new construc-

1 tion, the foregoing limitations upon the amount of the
2 mortgage shall be based upon the sum of the estimated
3 cost of rehabilitation and the Commissioner's estimate of
4 the value of the property before rehabilitation rather than
5 upon the Commissioner's estimate of the replacement
6 cost;"

7 (b) striking out "mortgage insurance" in subsec-
8 tion (a) and inserting in lieu thereof "loan and mort-
9 gage insurance"; and

10 (c) adding the following subsection:

11 “(h) (1) To assist further in the conservation, improve-
12 ment, repair, and rehabilitation of property located in the
13 area of an urban renewal project as provided in paragraph
14 (1) of subsection (d) of this section, the Commissioner is
15 authorized upon such terms and conditions as he may pre-
16 scribe to make commitments to insure and to insure home
17 improvement loans (including advances during construction
18 or improvement) made by financial institutions on and after
19 the effective date of the Housing Act of 1961. As used in
20 this subsection, ‘home improvement loan’ means a loan, ad-
21 vance of credit or purchase of an obligation representing a
22 loan or advance of credit made for the purpose of financing
23 the improvement of an existing structure (or in connection
24 with an existing structure) used primarily for residential

1 purposes; 'improvement' means conservation, repair, restora-
2 tion, rehabilitation, conversion, alteration, enlargement, or
3 remodeling; and 'financial institution' means a lender ap-
4 proved by the Commissioner as eligible for insurance under
5 section 2 or a mortgage approved under section 203 (b) (1).

6 " (2) To be eligible for insurance under this subsection,
7 a home improvement loan shall—

8 " (i) not exceed the Commissioner's estimate of
9 the cost of improvement, or \$10,000 per family unit,
10 whichever is the lesser;

11 " (ii) be limited to an amount which when added
12 to any outstanding indebtedness related to the property
13 (as determined by the Commissioner) creates a total
14 outstanding indebtedness which does not exceed the
15 limits provided in subsection (d) (3) for properties
16 other than new construction;

17 " (iii) bear interest at not to exceed a rate pre-
18 scribed by the Commissioner but not in excess of 6 per
19 centum per annum of the amount of the principal obli-
20 gation outstanding at any time, and such other charges
21 (including such service charges, appraisal, inspection,
22 and other fees) as may be approved by the Commis-
23 sioner;

24 " (iv) have a maturity satisfactory to the Commis-

1 sioner, but not to exceed twenty-five years or three-
2 quarters of the remaining economic life of the structure,
3 whichever is the lesser;

4 “(v) be secured at the discretion of the Commis-
5 sioner in such cases and in such manner as he may
6 require;

7 “(vi) contain such other terms, conditions and re-
8 strictions as the Commissioner may prescribe; and

9 “(vii) represent the obligation of a borrower who
10 is the owner of the property improved.

11 “(3) Any home improvement loan insured under this
12 subsection may be refinanced and extended in accordance
13 with such terms and conditions as the Commissioner may
14 prescribe, but in no event for an additional amount or term
15 in excess of the maximum provided for in this subsection.

16 “(4) There is hereby created a separate section 220
17 home improvement account to be maintained under the sec-
18 tion 220 housing insurance fund and to be used by the Com-
19 missioner as a revolving fund for carrying out the provisions
20 of this subsection. The Commissioner is authorized to trans-
21 fer to such fund the sum of \$1,000,000 from the war hous-
22 ing insurance fund established pursuant to the provisions
23 of section 602 of this Act. Any premium charges, and ap-
24 praisal and other fees received on account of the insurance
25 of any home improvement loan accepted for insurance under

1 this subsection, and the receipts derived from the sale, col-
2 lection, deposit, or compromise of any evidence of debt, con-
3 tract, claim, property, or security assigned to or held by
4 the Commissioner in connection with the payment of insur-
5 ance under this subsection, shall be credited to the section
6 220 home improvement account. Insurance claims under
7 this subsection and expenses incurred in the handling, man-
8 agement, renovation, and disposal of any properties acquired
9 by the Commissioner under this subsection shall be charged
10 to the section 220 home improvement account. General ex-
11 penses of operation of the Federal Housing Administration
12 and other expenses incurred under this subsection may be
13 charged to the section 220 home improvement account.
14 Moneys in the account not needed for the current operation
15 of the Federal Housing Administration under this subsec-
16 tion shall be deposited with the Treasurer of the United
17 States to the credit of that account, or invested in bonds or
18 other obligations of, or in bonds or other obligations guaran-
19 teed as to principal and interest by, the United States.

20 “ (5) The Commissioner is authorized to fix a premium
21 charge for the insurance of home improvement loans under
22 this subsection but in the case of any loan such charge shall
23 not be less than an amount equivalent to one-half of 1 per
24 centum per annum nor more than an amount equivalent to
25 1 per centum per annum of the amount of the principal obli-

1 gation of the loan outstanding at any time, without taking
2 into account delinquent payments or prepayments. Such
3 premium charges shall be payable by the financial institution
4 in such manner as may be prescribed by the Commissioner
5 and the Commissioner may require the payment of one or
6 more such premium charges at the time the loan is insured, at
7 such discount rate as he may prescribe not in excess of the
8 interest rate specified in the loan. If the Commissioner finds
9 upon presentation of a loan for insurance and the tender of
10 the initial premium charge or charges so required that the
11 loan complies with the provisions of this subsection, such loan
12 may be accepted for insurance by endorsement or otherwise
13 as the Commissioner may prescribe. In the event that the
14 principal obligation of any loan accepted for insurance under
15 this subsection is paid in full prior to the maturity date, the
16 Commissioner is authorized to refund to the financial insti-
17 tution all, or such portions as he shall determine to be equi-
18 table, of the current unearned premium charges heretofore
19 paid.

20 “(6) In cases of defaults in loans insured under this sub-
21 section, upon receiving notice of default, the Commissioner,
22 in accordance with such regulations as he may prescribe, may
23 acquire the loan and any security therefor upon payment to
24 the financial institution in cash or in debentures of a total
25 amount equal to the unpaid principal balance of the loan

1 plus any accrued interest and any advances approved by the
2 Commissioner made previously by the financial institution
3 under the provisions of the loan instruments. After the ac-
4 quisition of the loan by the Commissioner the financial in-
5 stitution shall have no further rights, liabilities, or obligations
6 with respect to the loan or any security for the loan.

7 “(7) Debentures issued under this subsection shall be
8 executed in the name of the section 220 home improvement
9 account as obligor, shall be signed by the Commissioner, by
10 either his written or engraved signature, shall be negotiable,
11 and shall be dated as of the date of acquisition of the loan
12 and shall bear interest from that date. They shall bear in-
13 terest at a rate established by the Commissioner pursuant to
14 section 224, payable semiannually on the 1st day of January
15 and the 1st day of July of each year, and shall mature ten
16 years after their date of issuance. The debentures shall be
17 exempt from taxation as provided in section 207 (i) with
18 respect to debentures issued under that subsection. They
19 shall be paid out of the section 220 home improvement ac-
20 count which shall be primarily liable therefor and they shall
21 be fully and unconditionally guaranteed as to principal and
22 interest by the United States, and the guarantee shall be
23 expressed on the face of the debentures. In the event the
24 section 220 home improvement account fails to pay upon

1 demand, when due, the principal of or interest on any de-
2 bentures so guaranteed, the Secretary of the Treasury shall
3 pay to the holders the amount thereof which is hereby au-
4 thorized to be appropriated, out of any money in the Treas-
5 ury not otherwise appropriated, and thereupon, to the extent
6 of the amount so paid, the Secretary of the Treasury shall
7 succeed to all the rights of the holders of such debentures.
8 Debentures issued under this subsection shall be in such form
9 and denominations in multiples of \$50, shall be subject to
10 such terms and conditions, and shall include such provisions
11 for redemption, if any, as may be prescribed by the Com-
12 missioner with the approval of the Secretary of the Treasury
13 and may be in coupon or registered form. Any difference be-
14 tween the amount of debentures to which the financial insti-
15 tution is entitled, and the aggregate face value of the deben-
16 tures issued, not to exceed \$50, shall be adjusted by the
17 payment of cash by the Commissioner to the financial insti-
18 tution from the section 220 home improvement account.

19 “(8) The provisions of subsections (c), (d), and (h)
20 of section 2 shall apply to home improvement loans insured
21 under this subsection.

22 “(9) The provisions of section 227 relating to mort-
23 gages insured under this Act shall be applicable to a home
24 improvement loan executed in connection with the im-
25 provement of a structure for use as rental accommodations

1 for five or more families and insured under this subsection,
 2 and for the purposes of this subsection, references in section
 3 227 to (i) a 'mortgage' or 'mortgage loan' shall refer to
 4 a home improvement loan, (ii) a 'mortgagor' or 'mortgagee'
 5 shall refer to a borrower or financial institution, re-
 6 spectively, (iii) 'mortgaged property' shall refer to prop-
 7 erty with respect to which a loan was executed and insured
 8 under this subsection, and (iv) 'repair or rehabilitation'
 9 shall refer to 'improvement' as defined in this subsection.”.

10 HOME IMPROVEMENT LOANS OUTSIDE OF URBAN RENEWAL

11 AREAS

12 SEC. 202. Section 203 of the National Housing Act is
 13 amended by—

14 (a) striking out in subsection (e) “of the mort-
 15 gage” and inserting in lieu thereof “of the loan or
 16 mortgage”, and

17 (b) adding the following subsection:

18 “(k) To supplement the mortgage insurance provisions
 19 of this section in order to assist the conservation, improve-
 20 ment, and alteration of housing, the Commissioner is au-
 21 thorized to make commitments to insure and to insure a
 22 home improvement loan under this subsection in accordance
 23 with the provisions of section 220 (h), except that (1)
 24 the structures improved shall be designed for occupancy
 25 by not more than four families and shall not be required

1 to be located in the area of an urban renewal project; (2)
2 the Commissioner shall find that the property with respect
3 to which the loan is executed is economically sound; (3)
4 all funds received and all disbursements made shall be
5 credited or charged, as appropriate, to a separate section
6 203 home improvement account to be maintained as here-
7 inafter provided under the mutual mortgage insurance fund;
8 and (4) insurance benefits shall be paid in debentures exe-
9 cuted in the name of the section 203 home improvement
10 account. For the purposes of this subsection, the Commis-
11 sioner shall have all the authority provided in section 220 (h)
12 and debentures issued with respect to loans insured under
13 this subsection shall be issued in accordance with subsec-
14 tions (h) (6) and (h) (7) of section 220. There is here-
15 by created a separate home improvement account under
16 the mutual mortgage insurance fund which shall be used
17 by the Commissioner as a revolving fund for carrying out
18 the provisions of this subsection, and the Commissioner is
19 authorized to transfer to such account the sum of \$1,000,-
20 000 from the war housing insurance fund established pur-
21 suant to the provisions of section 602 of this Act. The
22 provisions in section 205 (c) shall not be applicable to loans
23 insured under this subsection.”.

TITLE III—EXPERIMENTAL HOUSING AND
APARTMENT UNIT MORTGAGE INSURANCE

EXPERIMENTAL HOUSING MORTGAGE INSURANCE

SEC. 301. Title II of the National Housing Act is amended by adding the following section:

“EXPERIMENTAL HOUSING

“SEC. 233. (a) In order to assist in lowering housing costs and improving housing standards, quality, livability or durability or neighborhood design through the utilization of advanced housing technology, or experimental property standards, the Commissioner is authorized to insure, and to make commitments to insure, under this section mortgages (including in the case of mortgages insured under subsection (b) (2) of this section, advances on such mortgages during construction) secured by dwellings involving the utilization and testing of advanced technology in housing design, materials, or construction, or experimental property standards for neighborhood design if the Commissioner determines that:

(1) the property is an acceptable risk, giving consideration to the need for testing advanced housing technology or experimental property standards; (2) the utilization and testing of the advanced technology or experimental property standards involved will provide data or experience which the

1 Commissioner deems to be significant in reducing housing
2 costs or improving housing standards, quality, livability,
3 or durability, or improving neighborhood design; and (3)
4 the mortgages are eligible for insurance under the provisions
5 of this section and under any further terms and conditions
6 which may be prescribed by the Commissioner to establish
7 the acceptability of the mortgages for insurance.

8 “(b) To be eligible for insurance under this section a
9 mortgage shall—

10 (1) meet the requirements of section 203 (b),
11 except that the maximum principal obligation of the
12 mortgage as computed under clauses (i), (ii), and
13 (iii) of section 203 (b) (2) shall be determined on
14 the basis of the Commissioner’s estimate of the cost of
15 replacing the property using comparable conventional
16 design, materials, and construction rather than value,
17 and the proviso in section 203 (b) (8) shall not be
18 applicable to mortgages insured under this section; or

19 (2) meet the requirements of section 207 (b) and
20 section 207 (c), except that the maximum principal
21 obligation of the mortgage as computed under section
22 207 (c) (2) shall be determined on the basis of the
23 Commissioner’s estimate of the cost of replacing the

1 property, using comparable conventional design, mate-
2 rials, and construction rather than value.

3 “(c) The Commissioner may enter into such contracts,
4 agreements, and financial undertakings with the mortgagor
5 and others as he deems necessary or desirable to carry out
6 the purposes of this section, and may expend available funds
7 for such purposes, including the correction, when he deter-
8 mines it necessary to protect the occupants, at any time sub-
9 sequent to insurance of a mortgage, of defects or failures in
10 the dwellings which the Commissioner finds are caused by
11 or related to the advanced housing technology utilized in
12 their design or construction or experimental property stand-
13 ards.

14 “(d) The Commissioner may make such investigations
15 and analyses of data, and publish and distribute such re-
16 ports as he determines to be necessary or desirable to assure
17 the most beneficial use of the data and information to be
18 acquired as a result of this section.

19 “(e) Any mortgagee under a mortgage insured under
20 subsection (b) (1) of this section shall be entitled to the
21 benefits of the insurance as provided in section 204 with
22 respect to mortgages insured under section 203, and the
23 provisions of section 204 may apply to the mortgages in-

1 sured under subsection (b) (1), except that as applied to
2 those mortgages (1) all references to the 'fund', or 'mutual
3 mortgage insurance fund', shall refer to the 'experimental
4 housing insurance fund', and (2) all references to 'section
5 203' shall refer to this section 233.

6 “(f) Any mortgagee under a mortgage insured under
7 subsection (b) (2) of this section shall be entitled to the
8 benefits of insurance as provided in section 207 with respect
9 to mortgages insured under section 207, except that as ap-
10 plied to mortgages insured under subsection (b) (2) of this
11 section (1) all references to the 'housing insurance fund',
12 'fund', or 'housing fund' shall refer to the experimental hous-
13 ing insurance fund', and (2) all references to 'this section'
14 shall refer to this section 233.

15 “(g) Notwithstanding the provisions of subsections (e)
16 and (f) of this section, in the case of default of any mort-
17 gage insured under this section, the Commissioner in his
18 discretion, may in accordance with such regulations as he
19 may prescribe, acquire a mortgage loan that is in default
20 and the security therefor upon payment to the mortgagee
21 in cash (from the Experimental Housing Insurance Fund)
22 or in debentures of a total amount equal to the unpaid prin-
23 cipal balance of the loan plus any accrued interest and any
24 advances approved by the Commissioner made previously
25 by the mortgagee under the provisions of the mortgage.

1 After the acquisition of the mortgage by the Commissioner
2 the mortgagee shall have no further rights, liabilities, or
3 obligations with respect to the mortgage. The provisions
4 of sections 204 and 207 relating to the issuance of debentures
5 shall apply with respect to debentures issued under this sub-
6 section, and the provisions of sections 204 and 207 relating
7 to the rights, liabilities, and obligations of a mortgagee
8 shall apply with respect to the Commissioner when he has
9 acquired an insured mortgage under this subsection, in ac-
10 cordance with and subject to regulations (modifying such
11 provisions to the extent necessary to render their applica-
12 tion for such purposes appropriate and effective) which
13 shall be prescribed by the Commissioner, except that as
14 applied to mortgages insured under this section (1) all
15 references in section 204 to the 'fund' or 'mutual mortgage
16 insurance fund' shall refer to the 'experimental housing
17 insurance fund', (2) all references to 'section 203' shall
18 refer to this section, and (3) all references in section 207
19 to the 'housing insurance fund', 'fund', or 'housing fund'
20 shall refer to the 'experimental housing insurance fund'.

21 “(h) There is hereby created an 'experimental hous-
22 ing insurance fund' to be used by the Commissioner as
23 a revolving fund to carry out the provisions of this sec-
24 tion, and the Commissioner is directed to transfer the sum

1 of \$1,000,000 to the fund from the war housing insurance
 2 fund created by section 602 of this Act. General expenses
 3 of operation of the Federal Housing Administration and other
 4 expenses incurred under this section may be charged to the
 5 experimental housing insurance fund. The provisions of
 6 subsections (d), (e), (h), (i), (j), (k), (l), (m), (n),
 7 and (p) of section 207 shall be applicable to a mortgage
 8 insured under subsection (b) (2) of this section, and all
 9 references in those subsections to the 'Housing Insurance
 10 Fund' or the 'Housing Fund' shall refer to the 'Experimental
 11 Housing Insurance Fund'."

12 INDIVIDUALLY OWNED UNITS IN MULTIFAMILY
 13 STRUCTURES

14 SEC. 302. Title II of the National Housing Act is
 15 amended by adding the following section:

16 "MORTGAGE INSURANCE FOR INDIVIDUALLY OWNED UNITS
 17 IN MULTIFAMILY STRUCTURES

18 "SEC. 234. (a) The purpose of this section is to pro-
 19 vide an additional means of increasing the supply of pri-
 20 vately owned dwelling units where, under the laws of
 21 the State in which the property is located, real property
 22 title and ownership are established with respect to a one-
 23 family unit which is part of a multifamily structure.

24 "(b) The terms 'mortgage', 'mortgagee', 'mortgagor',
 25 'maturity date', and 'State' shall have the meanings re-

1 spectively set forth in section 201, except that the term
2 'mortgage' for the purposes of this section may include a first
3 mortgage given to secure the unpaid purchase price of a
4 fee interest in, or a long-term leasehold interest in, a one-
5 family unit in a multifamily structure and an undivided
6 interest in (or share in cooperative ownership of) the com-
7 mon areas and facilities which serve the structure where
8 the mortgage is determined by the Commissioner to be eli-
9 gible for insurance under this section. The term 'common
10 areas and facilities' as used in this section shall be deemed
11 to include the land and such commercial, community, and
12 other facilities as are approved by the Commissioner.

13 “(c) The Commissioner is authorized in his discretion
14 and under such terms and conditions as he may prescribe
15 (including the minimum number of family units in the
16 structure which shall be offered for sale and provisions for
17 the protection of the consumer and the public interest), to
18 insure any mortgage covering a one-family unit in a multi-
19 family structure and an undivided interest in (or share in
20 cooperative ownership of) the common areas and facilities
21 which serve the structure, if (1) the mortgage meets the
22 requirements of this section and of section 203 (b), except
23 as that section is modified by this section; and (2) the
24 structure is or has been covered by a mortgage insured under
25 another section of this Act, notwithstanding any require-

1 ments in such section that the structure was constructed or
2 rehabilitated for the purpose of providing rental housing.
3 Any project proposed to be constructed or rehabilitated
4 after the effective date of the Housing Act of 1961 with
5 the assistance of mortgage insurance under this Act, where
6 the sale of family units is to be assisted with mortgage
7 insurance under this section, shall be subject to such require-
8 ments as the Commissioner may prescribe. To be eligible
9 for insurance pursuant to this section a mortgage shall in-
10 volve a principal obligation in an amount not to exceed (1)
11 the limits per room and per family dwelling units provided
12 by section 207 (c) (3), and (2) the sum of (i) 97 per
13 centum of \$13,500 of the amount which the Commissioner
14 estimates will be the appraised value of the family unit in-
15 cluding common areas and facilities as of the date the mort-
16 gage is accepted for insurance, (ii) 90 per centum of such
17 value in excess of \$13,500 but not in excess of \$18,000, and
18 (iii) 70 per centum of such value in excess of \$18,000. In
19 determining the amount of a mortgage in the case of a non-
20 occupant mortgager the reference to paragraph 2 of section
21 203 (b) in section 203 (b) (8) shall be construed to refer
22 to clause (2) of the preceding sentence in this section. The
23 mortgage shall contain such provisions as the Commissioner
24 determines to be necessary for the maintenance of common
25 areas and facilities and the multifamily structure. The mort-

1 gagor shall have exclusive right to the use of the one-family
2 unit covered by the mortgage and, together with the owners
3 of other units in the multifamily structure, shall have the
4 right to the use of the common areas and facilities serving
5 the structure and the obligation of maintaining all such com-
6 mon areas and facilities. The Commissioner may require
7 that the rights and obligations of the mortgagor and the
8 owners of other dwelling units in the structure (including
9 voting rights and number of units which can be under the
10 same ownership) shall be subject to such controls as he
11 determines necessary and feasible to promote and protect
12 individual owners, the multifamily structure, and its occu-
13 pants. For the purposes of this section, the Commissioner
14 is authorized in his discretion and under such terms and con-
15 ditions as he may prescribe to permit one-family units and
16 interests in common areas and facilities in multifamily struc-
17 tures covered by mortgages insured under section 207, 213,
18 220, 221, or 231 to be released from the liens of those
19 mortgages.

20 “(d) Any mortgagee under a mortgage insured under
21 this section is entitled to receive the benefits of the insurance
22 as provided in section 204 (a) of this Act with respect to
23 mortgages insured under section 203, and the provisions of
24 subsections (b), (c), (d), (e), (f), (g), (h), (j), and

1 (k) of section 204 shall be applicable to the mortgages in-
2 sured under this section, except that (1) all references in
3 section 204 to the mutual mortgage insurance fund or the
4 fund shall refer to the apartment unit insurance fund, (2)
5 all references therein to section 203 shall refer to this section,
6 and (3) the excess remaining referred to in section 204 (f)
7 (1) shall be retained by the Commissioner and credited to
8 the apartment unit insurance fund.

9 “(e) There is hereby created the apartment unit insur-
10 ance fund which shall be used by the Commissioner as a
11 revolving fund for carrying out the provisions of this section.
12 The Commissioner is authorized to transfer to the fund the
13 sum of \$1,000,000 from the war housing insurance fund
14 established pursuant to the provisions of section 602 of this
15 Act. General expenses of operation of the Federal Housing
16 Administration under this section may be charged to the
17 apartment unit insurance fund. The provisions of the second
18 and third paragraphs of section 220 (g) shall be applicable
19 to the apartment unit insurance fund and to this section, and
20 all references therein to the section 220 housing insurance
21 fund or the fund shall be construed to refer to the apartment
22 unit insurance fund, and all references therein to ‘this section’
23 shall be construed to refer to this section 234.

24 “(f) The provisions of section 225, 229, and 230 shall
25 be applicable to the mortgages insured under this section.”.

1 TITLE IV—NATIONAL HOUSING ACT

2 AUTHORIZATIONS

3 LIMITATIONS ON FHA INSURANCE AUTHORIZATIONS

4 SEC. 401. (a) Section 2 (a) of the National Housing
5 Act is amended by striking out in the first sentence “1961”
6 and inserting in lieu thereof “1963”.

7 (b) Section 203 (a) of such Act is amended by striking
8 out the colon and all that follows the colon and inserting
9 a period after “thereon”.

10 (c) Section 217 of such Act is amended to read as
11 follows:

12 “SEC. 217. Except with respect to the insurance of a
13 loan or mortgage pursuant to section 2, subsections 221 (d)
14 (2) and (d) (4) or title VIII of this Act subject to a limita-
15 tion thereunder on the time of such insurance, no loan or
16 mortgage shall be insured under any provision of this Act
17 after October 1, 1965, except pursuant to a commitment
18 to insure before that date.”

19 (d) Section 803 (a) of such Act is amended by striking
20 out “1961” and inserting in lieu thereof “1962”.

21 FEDERAL NATIONAL MORTGAGE ASSOCIATION SPECIAL

22 ASSISTANCE FUNCTIONS

23 SEC. 402. Section 305 of the National Housing Act is
24 amended by—

1 (i) striking out in subsection (c) “\$950,000,000”
 2 and inserting in lieu thereof “\$1,700,000,000”; and

3 (ii) adding the following subsections:

4 “(h) Notwithstanding any other provision of this Act,
 5 the Association is authorized (subject to Presidential action
 6 as provided in subsection (a), as limited by subsection (c),
 7 of this section) to purchase pursuant to commitments or
 8 otherwise, and to service, sell, and otherwise deal in any
 9 home improvement loans insured under section 220 (h) of
 10 this Act.

11 “(i) Notwithstanding clause (2) of section 302 (b)
 12 and any provision of this Act which is inconsistent with this
 13 subsection, the Association is authorized (subject to Presi-
 14 dential action as provided in subsection (a), as limited by
 15 subsection (c), of this section) to purchase pursuant to
 16 commitments or otherwise, and to service, sell, and otherwise
 17 deal in mortgages insured under the provisions of section
 18 221 (d) (3) of this Act.”.

19 TITLE V—HOUSING FOR ELDERLY AND LOW 20 INCOME

21 DIRECT LOANS FOR THE ELDERLY

22 SEC. 501. Section 202 of the Housing Act of 1959 is
 23 amended by—

24 (a) striking out in subsection (a) (1) “private
 25 nonprofit corporations” and inserting in lieu thereof

1 “private nonprofit corporations or public bodies or
2 agencies”;

3 (b) striking out in subsection (a) (2) “for the pro-
4 vision” and inserting in lieu thereof “or to any public
5 body or agency for the provision”;

6 (c) striking out in subsection (a) (2) “unless the
7 corporation” and inserting in lieu thereof “unless the
8 applicant”;

9 (d) striking out in subsection (a) (3) “A loan to a
10 corporation under this section” and inserting in lieu
11 thereof “A loan under this section”;

12 (e) striking out in subsection (a) (4) “\$50,000,-
13 000” and inserting in lieu thereof “\$100,000,000”;

14 (f) striking out the second sentence in subsection
15 (a) (4) ; and

16 (g) striking out in subsection (c) (3) “corporation
17 undertaking” and inserting in lieu thereof “corporate
18 body or agency undertaking”.

19 LOW-RENT PUBLIC HOUSING

20 ELIGIBILITY REQUIREMENT FOR DISABLED PERSONS

21 SEC. 502. Section 2 of the United States Housing Act
22 of 1937 is amended by striking out the words “has at-
23 tained the age of fifty and” in the second and third sen-
24 tences of paragraph (2) and by striking out paragraph

5 SEC. 503. Section 10 (a) of the United States Housing
6 Act of 1937 is amended by inserting a colon and the fol-
7 lowing proviso before the period at the end of the third
8 sentence thereof: "*Provided*, That the Authority may, in
9 addition to the payments guaranteed under the contract,
10 pay not to exceed \$120 per annum per dwelling unit oc-
11 cupied by an elderly family on the last day of the project
12 fiscal year where such amount, in the determination of the
13 Authority, was necessary to enable the public housing agency
14 to lease the dwelling unit to the elderly family at a rental
15 it could afford and to operate the project on a solvent basis".

17 SEC. 504. Section 10 (e) of the United States Housing
18 Act of 1937 is amended by—

(a) striking out the first three sentences and inserting in lieu thereof the following: "The Authority is authorized to enter into contracts for annual contributions aggregating not more than \$336,000,000 per annum of which not more than 15 per centum shall be expended within any one State: *Provided*, That no such new contract for additional units shall be entered into after the

1 date of approval of the Housing Act of 1961 except with
2 respect to low-rent housing for a locality respecting
3 which the Administrator has made the determination
4 and certification relating to a workable program as pre-
5 scribed in section 101 (c) of the Housing Act of 1949,
6 and that the Authority shall enter into only such new
7 contracts for preliminary loans as are consistent with
8 the number of dwelling units for which contracts for an-
9 nual contributions may be entered into.” ; and

10 (b) striking out section 10 (i) and redesignating
11 section “15 (10)” as section “10 (i)”, and striking out
12 section 21 (d).

13 GREATER LOCAL RESPONSIBILITY FOR ADMISSION POLICIES

14 SEC. 505. (a) Section 10 (g) of the United States
15 Housing Act of 1937 is amended to read as follows:

16 “(g) Every contract for annual contributions for any
17 low-rent housing project shall provide that—

18 “(1) the maximum income limits fixed by the pub-
19 lic housing agency shall be subject to the prior approval
20 of the Authority and the Authority may require the
21 agency to review and revise such limits if the Authority
22 determines that changed conditions in the locality make
23 such revisions necessary in achieving the purposes of the
24 Act;

25 “(2) the public housing agency shall adopt and pro-

1 mulgate regulations establishing admission policies which
2 shall give full consideration to its responsibility for the
3 rehousing of those displaced by urban renewal or other
4 governmental action, to the applicant's status as a serv-
5 iceman or veteran or relationship to a serviceman or
6 veteran or to a disabled serviceman or veteran, and to
7 the applicant's age or disability, housing conditions, ur-
8 gency of housing need and source of income; and

9 “(3) the public housing agency shall determine,
10 and so certify to the Authority, that each family in the
11 project was admitted in accordance with duly adopted
12 regulations and approved income limits; and the public
13 housing agency shall make periodic reexaminations of
14 the incomes of families living in the project and shall
15 require any family whose income has increased beyond
16 the approved maximum income limits for continued oc-
17 cupancy to move from the project unless the public
18 housing agency determines that, due to special circum-
19 stances, the family is unable to find decent, safe, and
20 sanitary housing within its financial reach although mak-
21 ing every reasonable effort to do so, in which event
22 such family may be permitted to remain for the duration
23 of such a situation if it pays an appropriate rent.”.

24 (b) Sections 10(m) and 15(8) of such Act are
25 repealed.

1 DEMONSTRATION PROGRAMS

2 SEC. 506. Section 11 of the United States Housing
3 Act of 1937 and its heading are amended to read as follows:

4 "DEMONSTRATION PROGRAMS

5 "SEC. 11. The Authority is authorized to make grants
6 to public or private bodies or agencies, subject to such terms
7 and conditions as it shall prescribe, for the purposes of de-
8 veloping and demonstrating new or improved means of
9 providing housing and a suitable living environment for low
10 income families and for obtaining maximum efficiency and
11 economy in the construction and management of low-rent
12 housing. Advances and progress payments may be made,
13 under any contract to make grants under this section, with-
14 out regard to the provisions of section 3648 of the Revised
15 Statutes, and the Administrator may waive any of the re-
16 quirements of this Act to the extent he deems necessary to
17 accomplish the purposes of this section. There is hereby
18 authorized to be appropriated not exceeding \$10,000,000
19 for grants to carry out the purposes of this section, and any
20 amount so appropriated shall remain available until ex-
21 pended."

22 INCREASED COST LIMITS FOR UNITS FOR THE ELDERLY—

23 NON-FEDERAL AID TO PROJECTS

24 SEC. 507. (a) Section 15 of the United States Housing
25 Act of 1937 is amended by—

1 (1) inserting in paragraph (5) after the second
 2 parenthetical clause the following: “on which the com-
 3 putation of any annual contributions under this Act may
 4 be based”;

5 (2) inserting “\$3,000” after the words “Alaska or”
 6 in paragraph (5) ;

7 (3) striking out paragraph (6) and redesignating
 8 paragraph “(9)” to be paragraph “(6)” ; and

9 (4) striking out “entitled to a first preference as
 10 provided in section 10 (g)” in paragraph (7) (b) and
 11 inserting in lieu thereof “displaced by urban renewal or
 12 other governmental action”.

13 (b) Section 10 (h) of such Act is amended by inserting
 14 the following after the word “project” the third time it ap-
 15 pears therein: “(exclusive of any portion thereof which
 16 is not assisted by annual contributions under this Act)”.

17 TITLE VI—URBAN RENEWAL AND PLANNING
 18 POOLING GRANTS-IN-AID BETWEEN PROJECTS WITH TWO-
 19 THIRDS AND THREE-FOURTHS FEDERAL PARTICIPATION

20 SEC. 601. (a) Section 103 (a) of the Housing Act of
 21 1949 is amended by striking out the second sentence and in-
 22 serting in lieu thereof the following: “The aggregate of
 23 such capital grants with respect to all the projects of a local
 24 public agency (or of two or more local public agencies in the
 25 same municipality) on which contracts for capital grants

1 have been made under this title shall not exceed the total
2 of two-thirds of the aggregate net project costs of such proj-
3 ects undertaken on a two-thirds capital grant basis and three-
4 fourths of the aggregate net project costs of such projects
5 which the Administrator, upon request, may approve on a
6 three-fourths capital grant basis.”.

7 (b) Section 104 of such Act is amended by striking out
8 the second sentence and inserting in lieu thereof the follow-
9 ing: “Such local grants-in-aid, together with the local grants-
10 in-aid to be provided in connection with all other projects
11 of the local public agency (or two or more local public agen-
12 cies in the same municipality) on which contracts for capi-
13 tal grants have theretofore been made, shall be at least equal
14 to the total of one-third of the aggregate net project costs
15 of such projects undertaken on a two-thirds capital grant
16 basis and one-fourth of the aggregate net project costs of
17 such projects undertaken on a three-fourths capital grant
18 basis.”.

19 (c) Section 110 (e) of such Act is amended by striking
20 out “the proviso in the second sentence of” in the third
21 sentence.

22 CAPITAL GRANT AUTHORIZATION

23 SEC. 602. Section 103 (b) of the Housing Act of 1949
24 is amended by striking out the first sentence and inserting
25 in lieu thereof the following: “The Administrator may, with

1 the approval of the President, contract to make grants under
2 this title aggregating not to exceed \$4,500,000,000.”.

3 RELOCATION PAYMENTS

4 SEC. 603. (a) Section 106 (f) of the Housing Act of
5 1949 is amended by—

6 (1) striking out “that no part” in paragraph (1)
7 and inserting in lieu thereof “, except as hereinafter pro-
8 vided, that no part”; and

9 (2) striking out the period at the end of the next
10 to the last sentence in paragraph (2) and inserting in
11 lieu thereof “: *Provided*, That the latter amount may
12 be increased whenever the Administrator determines it
13 to be necessary to compensate any business concern for
14 reasonable and necessary moving expenses and actual
15 direct losses of property, but any sums paid hereunder
16 in excess of the \$3,000 maximum shall be included in
17 gross project cost.”.

18 (3) striking out the last sentence of paragraph (2)
19 and inserting in lieu thereof “Payment to individuals and
20 families of fixed amounts (not to exceed \$200 in any
21 case) may be made in lieu of their respective reasonable
22 and necessary moving expenses and actual direct losses
23 of property. All payments under this subsection shall
24 be subject to such rules, regulations, and limitations as
25 may be prescribed by the Administrator.”.

1 (b) Section 110 (e) of such Act is amended by—

2 (1) striking out at the end of clause (i) “and”;

3 (2) adding “and” at the end of clause (ii) ; and

4 (3) adding after clause (ii) “(iii) relocation pay-
5 ments, if made pursuant to the second proviso in para-
6 graph (2) of section 106 (f) hereof.”.

7 TRANSIENT HOUSING

8 SEC. 604. Section 106 (g) of the Housing Act of 1949
9 is repealed.

10 RESALE OF PROPERTY IN URBAN RENEWAL AREAS FOR
11 HOUSING FOR MODERATE INCOME FAMILIES

12 SEC. 605. (a) Section 107 of the Housing Act of 1949
13 is amended by—

14 (1) changing the title thereof to read “PROP-
15 ERTY TO BE USED FOR PUBLIC HOUSING OR
16 HOUSING FOR MODERATE INCOME FAMI-
17 LIES”;

18 (2) inserting “(a)” before the first sentence; and

19 (3) adding the following new subsection:

20 “(b) Upon approval of the Administrator and subject
21 to such conditions as he may determine to be in the public
22 interest, any real property held as part of an urban renewal
23 project may be made available to a limited dividend corpora-
24 tion, nonprofit corporation or association, cooperative, or
25 public body or agency for purchase at fair value for use by

1 such purchaser in the provision of new or rehabilitated rental
2 or cooperative housing for occupancy by families of moder-
3 ate income.”.

4 (b) Clause (4) of the second sentence of section
5 110 (c) of the Housing Act of 1949 is amended by insert-
6 ing the following before the semicolon at the end thereof:
7 “or as provided in section 107”.

8 REHABILITATION

9 SEC. 606. (a) The second sentence of section 110 (c)
10 of the Housing Act of 1949 is amended by—

- 11 (1) striking out “and” after paragraph (5) ;
12 (2) striking out the period at the end of para-
13 graph (6) and inserting in lieu thereof “; and ”; and
14 (3) adding after paragraph (6) a new paragraph
15 as follows:

16 “(7) acquisition and repair or rehabilitation for
17 guidance purposes and resale by the local public agency
18 of dwelling units which are located in the urban renewal
19 area and which, under the urban renewal plan, are to
20 be repaired or rehabilitated.”.

21 (b) The third sentence of section 110 (c) of such Act
22 is amended by inserting after “include” the following: “(ex-
23 cept as provided in paragraph (7) above)”.

INCREASE IN NONRESIDENTIAL EXCEPTION

SEC. 607. The fifth sentence of section 110 (c) of the Housing Act of 1949 is amended by—

(a) striking out “Housing Act of 1959” and inserting in lieu thereof “Housing Act of 1961”; and

(b) striking out “20 per centum” and inserting in lieu thereof “30 per centum”.

URBAN PLANNING ASSISTANCE

SEC. 608. Section 701 of the Housing Act of 1954 is amended by—

(a) striking out “50 per centum” in the first sentence of subsection (b) and inserting in lieu thereof “two-thirds”;

(b) striking out “\$20,000,000” in the last sentence of subsection (b) and inserting in lieu thereof “\$100,000,000”;

(c) inserting after “public facilities” in clause (1) of subsection (d) “, including transportation facilities”; and

(d) adding the following new subsection:

“(f) The consent of the Congress is hereby given to any two or more States to enter into agreements or compacts, not in conflict with any law of the United States, for

1 cooperative efforts and mutual assistance in the compre-
 2 hensive planning for the physical growth and development
 3 of inter-State metropolitan or other urban areas, and to es-
 4 tablish such agencies, joint or otherwise, as they may deem
 5 desirable for making effective such agreements and com-
 6 pacts.”.

7 TITLE VII—COMMUNITY FACILITIES

8 AUTHORIZATION FOR PUBLIC FACILITY LOANS

9 SEC. 701. Section 203 (a) of the Housing Amendments
 10 of 1955 is amended by striking out “\$150,000,000” and in-
 11 serting in lieu thereof “\$200,000,000”.

12 ADVANCES FOR PUBLIC WORKS PLANNING

13 SEC. 702. Section 702 of the Housing Act of 1954 is
 14 amended by—

15 (a) striking out in subsection (a) “10” and in-
 16 serting in lieu thereof “12 $\frac{1}{2}$ ”; and

17 (b) amending the first sentence of subsection (b)
 18 to read as follows: “No advance shall be made hereun-
 19 der with respect to any individual project, including a
 20 regional or metropolitan or other area-wide project,
 21 unless it is planned to be constructed and there is a
 22 reasonable prospect that the project will be constructed
 23 within or over a reasonable period of time considering
 24 the nature of the project, unless it conforms to an over-
 25 all State, local, or regional plan approved by a com-

petent State, local, or regional authority, and unless the public agency formally contracts with the Federal Government to complete the plan preparation promptly and to repay such advance or part thereof when due.”.

TITLE VIII—FARM HOUSING

SEC. 801. (a) Section 502 (b) of the Housing Act of 1949 is amended by striking out “and such additional security” from item (1) and inserting in lieu thereof the words “or such other security”.

(b) Sections 511, 512, and 513 of such Act are each amended by striking out “1961” and inserting in lieu thereof “1966”.

(c) This section shall take effect as of July 1, 1961.

TITLE IX—MISCELLANEOUS

FHA SECTION 207 RENTAL HOUSING—ELIGIBLE

MORTGAGORS

SEC. 901. Section 207 of the National Housing Act is amended by—

(a) amending the first paragraph of subsection

(b) (2) to read as follows:

“(2) any other mortgagor approved by the Commissioner, which until the termination of all obligations of the Commissioner under the insurance and during such further period of time as the Commissioner shall be the owner, holder, or reinsurer of the mortgage, is regu-

1 lated or restricted by the Commissioner as to rents or sales,
2 charges, capital structure, rate of return, and methods of
3 operation to such extent and in such manner as to pro-
4 vide reasonable rentals to tenants and a reasonable return
5 on the investment. The Commissioner may make such
6 contracts with and acquire for not to exceed \$100 such
7 stock or interest in the mortgagor as he may deem neces-
8 sary to render effective the regulations or restrictions.
9 The stock or interest acquired by the Commissioner shall
10 be paid for out of the Housing Fund, and shall be re-
11 deemed by the mortgagor at par upon the termination
12 of all obligations of the Commissioner under the insur-
13 ance.”; and

14 (b) striking out in subsection (c) (3) “attribut-
15 able to dwelling use” and inserting in lieu thereof “at-
16 tributable to dwelling use (excluding exterior land im-
17 provements as defined by the Commissioner)”.

18 MINOR AND CONFORMING

19 SEC. 902. Section 203 (b) (3) of the National Housing
20 Act is amended by striking out “insurance of the mortgage”
21 and inserting in lieu thereof “beginning of amortization of
22 the mortgage”.

23 SEC. 903. The second sentence of section 204 (d) is
24 amended by striking out “mortgagee after default,” and in-

1 serting in lieu thereof “mortgagee after default, except that
2 debentures with respect to loans or mortgages insured or
3 initially endorsed for insurance on or after March 29, 1961
4 and issued pursuant to the provisions of section 220 (f) (1),
5 section 221 (g) (3), and section 233 may be dated as of the
6 date they are issued,”.

7 SEC. 904. The last sentence of section 204 (g) of the
8 National Housing Act is amended to read as follows: “The
9 power to convey and to execute in the name of the Commis-
10 sioner deeds of conveyance, deeds of release, assignments
11 and satisfactions of mortgages, and any other written instru-
12 ment relating to real or personal property or any interest
13 therein heretofore or hereafter acquired by the Commissioner
14 pursuant to the provisions of this Act, may be exercised by
15 the Commissioner or by any Assistant Commissioner ap-
16 pointed by him, without the execution of any express delega-
17 tion of power or power of attorney: *Provided*, That nothing
18 in this subsection shall be construed to prevent the Com-
19 missioner from delegating such power by order or by power
20 of attorney, in his discretion, to any officer, agent, or em-
21 ployee he may appoint: *And provided further*, That a con-
22 veyance or transfer of title to real or personal property or an
23 interest therein to the Federal Housing Commissioner, his
24 successors and assigns, without identifying the Commissioner

1 therein, shall be deemed a proper conveyance or transfer to
 2 the same extent and of like effect as if the Commissioner
 3 were personally named in such conveyance or transfer.”.

4 SEC. 905. Section 209 of the National Housing Act
 5 is amended by striking out in the second sentence “shall be
 6 charged as a general expense of the Fund, the Housing
 7 Fund, and the Defense Housing Insurance Fund in such
 8 proportion as the Commissioner shall determine” and insert-
 9 ing in lieu thereof “shall be charged as a general expense
 10 of such Insurance Fund or Funds as the Commissioner shall
 11 determine”.

12 SEC. 906. Section 212 of the National Housing Act is
 13 amended by—

14 (a) striking out in the second sentence of subsection
 15 (a) “any mortgage under section 220” and inserting
 16 in lieu thereof “any loan or mortgage under section
 17 220 or section 233”; and

18 (b) striking out in the third sentence of subsection
 19 (a) “in subsection (d) (4)” and inserting in lieu thereof
 20 “in subsection (d) (3) in the case of a cooperative or a
 21 limited profit mortgagor, and in subsection (d) (4)”.

22 SEC. 907. Section 213 of the National Housing Act is
 23 amended by—

24 (a) striking out “eight or more family units” in

1 subsection (d) and inserting in lieu thereof "five or
2 more family units"; and

3 (b) inserting in paragraph (2) of subsection (b)
4 after the words "as may be attributable to dwelling use"
5 the following "(excluding exterior land improvements
6 as defined by the Commissioner)"; and

7 (c) striking out in subsection (h) "such mortgagor
8 shall not thereafter be eligible by reason of such para-
9 graph (3) for insurance of any additional mortgage
10 loans pursuant to this section" and inserting in lieu
11 thereof the following: "the Commissioner is authorized
12 to refuse, for such period of time as he shall deem ap-
13 propriate under the circumstances, to insure under this
14 section any additional investor-sponsor type mortgage
15 loans made to such mortgagor or to any other investor-
16 sponsor mortgagor where, in the determination of the
17 Commissioner, any of its stockholders were identified
18 with such mortgagor".

19 SEC. 908. Section 219 of the National Housing Act is
20 amended to read as follows: "Notwithstanding limitations
21 contained in any other sections of this Act as to the use of
22 moneys credited to the title I insurance account, the title I
23 housing insurance fund, the section 203 home improvement
24 account, the housing insurance fund, the war housing insur-

1 ance fund, the housing investment insurance fund, the armed
2 services housing mortgage insurance fund, the defense hous-
3 ing insurance fund, the section 220 housing insurance fund,
4 the section 220 home improvement account, the section 221
5 housing insurance fund, the experimental housing insurance
6 fund, the apartment unit insurance fund, or the servicemen's
7 mortgage insurance fund, the Commissioner is hereby au-
8 thorized to transfer funds from any one or more of such
9 insurance funds or accounts to any other such fund or ac-
10 count in such amounts and at such times as the Commissioner
11 may determine, taking into consideration the requirements
12 of such funds or accounts, separately and jointly to carry out
13 effectively the insurance programs for which such funds or
14 accounts were established.”.

15 SEC. 909. Section 220 (f) of the National Housing Act
16 is amended by—

- 17 (a) striking out “or” at the end of paragraph (1),
18 (b) striking out the period at the end of paragraph
19 (2) and inserting in lieu thereof “; or”, and
20 (c) adding the following:

21 “(3) as to mortgages meeting the requirements of
22 this section that are insured or initially endorsed for
23 insurance on or after March 29, 1961, notwithstanding
24 the provisions of paragraphs (1) and (2) of this sub-
25 section, the Commissioner, in his discretion, may in ac-

1 cordance with such regulations as he may prescribe, ac-
2 quire a mortgage loan that is in default and the secu-
3 rity therefor upon payment to the mortgagee in cash
4 or in debentures of a total amount equal to the unpaid
5 principal balance of the loan plus any accrued inter-
6 est and any advances approved by the Commissioner
7 and made previously by the mortgagee under the provi-
8 sions of the mortgage. After the acquisition of the mort-
9 gage by the Commissioner the mortgagee shall have
10 no further rights, liabilities, or obligations with respect
11 to the loan or the security for the loan. The provisions
12 of sections 204 and 207 relating to the rights, liabili-
13 ties and obligations of a mortgagee shall apply with
14 respect to the Commissioner when he has acquired an
15 insured mortgage under this subsection, in accordance
16 with and subject to regulations (modifying such provi-
17 sions to the extent necessary to render their application
18 for such purposes appropriate and effective) which shall
19 be prescribed by the Commissioner.”.

20 SEC. 910. The first sentence of section 224 of the
21 National Housing Act is amended to read as follows: “Not-
22 withstanding any other provisions of this Act, debentures
23 issued under any section of this Act with respect to a loan
24 or mortgage accepted for insurance on or after thirty days
25 following the effective date of the Housing Act of 1954 (ex-

cept debentures issued pursuant to paragraph (4) of section 221 (g)) shall bear interest at the rate in effect on the date the commitment to insure the loan or mortgage was issued, or the date the loan or mortgage was endorsed for insurance, or (when there are two or more insurance endorsements) the date the loan or mortgage was initially endorsed for insurance, whichever rate is the highest, except that debentures issued pursuant to section 220 (f) , section 220 (h) (6) , section 221 (g) (3) , or section 233 may, at the discretion of the Commissioner, bear interest at the rate in effect on the date they are issued.”.

SEC. 911. Section 226 of the National Housing Act is amended by striking out “222, or” and inserting in lieu thereof “222, 233, 234, or”.

SEC. 912. Section 229 of the National Housing Act is amended to read as follows:

“Notwithstanding any other provision of this Act and with respect to any loan or mortgage heretofore or hereafter insured under this Act, except under section 2, the Commissioner is authorized to terminate any insurance contract upon request by the borrower or mortgagor and the financial institution or mortgagee and upon payment of such termination charge as the Commissioner determines to be equitable, taking into consideration the necessity of protecting the various insurance funds and accounts. Upon such termi-

1 nation borrowers and mortgagors and financial institutions
2 and mortgagees shall be entitled to the rights, if any, to
3 which they would be entitled under this Act if the insurance
4 contract were terminated by payment in full of the insured
5 loan or mortgage.”.

6 SEC. 913. Section 231 (c) (2) of the National Hous-
7 ing Act is amended by striking out “attributable to dwelling
8 use” and inserting in lieu thereof “attributable to dwelling
9 use (excluding exterior land improvements as defined by
10 the Commissioner) ”.

11 SEC. 914. Section 302 (b) of the National Housing Act
12 is amended by striking out in clause (3) “insured under
13 section 220 or 803,” and inserting in lieu thereof “insured
14 under section 220 or 803, or insured under section 213 and
15 covering property located in an urban renewal area,”.

16 SEC. 915. Clause (4) of the second sentence of section
17 110 (c) of the Housing Act of 1949 is amended by striking
18 out “initial”.

19 SEC. 916. Section 112 of the Housing Act of 1949 is
20 amended by striking out the first colon and everything that
21 follows it and inserting in lieu thereof a period and the fol-
22 lowing: “The aggregate expenditures made by such insti-
23 tution (directly or through a private redevelopment cor-
24 poration or a municipal or other public corporation) for
25 the acquisition within, adjacent to, or in the immediate

1 vicinity of the project area, of land, buildings and struc-
2 tures to be redeveloped or rehabilitated by such institution
3 for educational uses in accordance with the urban renewal
4 plan (or with a development plan proposed by such institu-
5 tion or corporation, found acceptable by the Administrator
6 after considering the standards specified in section 110 (b),
7 and approved under State or local law after public hearing),
8 and for the demolition of such buildings and structures if,
9 pursuant to such urban renewal or development plan, the
10 land is to be cleared and redeveloped, and for the relocation
11 of occupants from buildings and structures to be demolished
12 or rehabilitated, as certified by such institution to the local
13 public agency and approved by the Administrator, shall be
14 a local grant-in-aid in connection with such urban renewal
15 project: *Provided*, That no such expenditures shall be
16 deemed ineligible as a local grant-in-aid in connection with
17 any such project if made not more than five years prior to
18 the authorization by the Administrator of a contract for a
19 loan or capital grant for such urban renewal project: *Pro-*
20 *vided further*, That no such expenditure shall be eligible as a
21 grant-in-aid in any case where the property involved is ac-
22 quired by such educational institution from a local public
23 agency which, in connection with its acquisition or disposi-
24 tion of such property, has received, or contracted to receive,
25 a capital grant pursuant to this title: *And provided further*,

1 That the aggregate expenditures made by any public au-
2 thority, established by any State, for acquisition, demolition,
3 and relocation in connection with land, buildings and struc-
4 tures acquired by such public authority and leased to an edu-
5 cational institution for educational uses shall be deemed a
6 local grant-in-aid to the same extent as if such expenditures
7 had been made directly by such educational institution. The
8 term 'educational institution' as used herein shall mean any
9 educational institution of higher learning, including any pub-
10 lic educational institution or any private educational institu-
11 tion, no part of the net earnings of which shall inure to the
12 benefit of any private shareholder or individual.”.

13 SEC. 917. Section 802 (a) of the Housing Act of 1959
14 is amended by striking out “five” in the first sentence and
15 inserting in lieu thereof “six”.

16 SEC. 918. Section 502 of the Housing Act of 1948 is
17 amended by—

18 (a) striking out in subsection (c) (3) the first
19 proviso, the colon thereafter, and the words “*And pro-*
20 *vided further,*” and inserting in lieu thereof “*Provided,*”;
21 and

22 (b) adding the following subsection:

23 “(d) The Housing and Home Finance Administrator,
24 the Federal Housing Commissioner, and the Public Hous-
25 ing Commissioner, respectively, may utilize funds made avail-

1 able to them for salaries and expenses for payment in ad-
2 vance for dues or fees for library memberships in organiza-
3 tions (or for membership of the individual librarians of
4 the respective agencies in organizations which will not ac-
5 cept library membership) whose publications are available
6 to members only, or to members at a price lower than to
7 the general public, and for payment in advance for publi-
8 cations available only upon that basis or available at a re-
9 duced price on prepublication order.”.

10 AMENDMENT OF THE FEDERAL RESERVE ACT

11 SEC. 919. Section 24 of the Federal Reserve Act is
12 amended by inserting the following sentence before the last
13 sentence in that section: “Notwithstanding the limitations
14 and restrictions in this section any national banking associa-
15 tion may make home improvement loans which are insured
16 under the provisions of sections 203 (k) and 220 (h) of the
17 National Housing Act.”.

18 AMENDMENT OF THE HOME OWNERS’ LOAN ACT OF 1933

19 SEC. 920. Section 5 (c) of the Home Owners’ Loan Act
20 of 1933 is amended by striking out “in loans insured under
21 title I of the National Housing Act, as amended” in the
22 first sentence of the second paragraph and inserting in lieu
23 thereof “in loans insured under title I of the National Hous-
24 ing Act, in home improvement loans insured under title II
25 of the National Housing Act,”.

1 SEC. 921. Section 223 of the National Housing Act is
2 amended by adding the following subsection:

3 “(c) With respect to any mortgage, other than a mort-
4 gage covering a one- to four-family structure, heretofore or
5 hereafter insured by the Commissioner, and notwithstanding
6 any other provision of this Act, when the taxes, interest on
7 the mortgage debt, mortgage insurance premiums, hazard
8 insurance premiums, and the expense of maintenance and
9 operation of the project covered by such mortgage during
10 the first two years following final endorsement exceed the
11 project income, the Commissioner may, in his discretion and
12 upon such terms and conditions as he may prescribe, per-
13 mit the excess of the foregoing expenses over the project in-
14 come to be added to the amount of such mortgage, and ex-
15 tend the coverage of the mortgage insurance thereto, and
16 such additional advance shall be deemed to be part of the
17 original face amount of the mortgage.”.

A BILL

To assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

By Mr. RAINS

MARCH 29, 1961

Referred to the Committee on Banking and Currency

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of May 19, 1961
87th-1st, No. 34

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SENATE

1. HOUSING. The Banking and Currency Committee reported an original bill S. 1922, to assist in the provision of housing for moderate and low income families, to promote orderly urban development, and extend and amend laws relating to housing, urban renewal, and community facilities (S. Rept. 281). p. 7856
2. AGRICULTURAL CENTENNIAL. Received from this Department a proposed bill "To provide for the recognition of the centennial of the establishment of the Department of Agriculture"; to Judiciary Committee. p. 7854
3. EDUCATION. Continued debate on S. 1021, to authorize a program of Federal financial assistance for public education, including assistance for schools in federally impacted areas. pp. 7866-75, 7882-7914, 7916-22
4. FOREST HIGHWAYS. Received a Calif. Legislature resolution favoring construction and inclusion of the Mammoth Pass Road in the U. S. Forest Highway System. pp. 7854-5
5. PESTICIDES. Sen. Carlson inserted a resolution of the Kansas Academy of Science favoring enactment of H. R. 4668, to provide for advance consultation with the Fish and Wildlife Service and with State agencies responsible for use of biological resources before the beginning of any Federal program involving the use of pesticides or other chemicals designed for biological control. p. 7864
6. SURPLUS COMMODITIES; FOREIGN TRADE. Sen. Pell was added as a cosponsor of S. 1720, to continue the authority of the President under title II of Public Law 480 to utilize surplus agricultural commodities to assist needy persons and to promote economic development in underdeveloped areas. p. 7857

7. PATENTS. Sen. McClellan announced that the Subcommittee on Patents, Trademarks and Copyrights of the Judiciary Committee will resume hearings May 31 on S. 1084 and S. 1176, dealing with Government policy on patents. p. 7857
8. EXPORT CONTROL. Received from the Commerce Department a report on export control for the first quarter of 1961. p. 7854
9. RURAL COUNTIES COMMISSION. The Government Operations Committee voted to report (on May 18) (but did not actually report) without amendment S. 1869, to provide for the establishment of a commission on problems of small towns and rural counties. p. D370
10. ADJOURNED until Mon., May 22. p. 7922

HOUSE

11. PERSONNEL. A subcommittee of the Education and Labor Committee voted to report to the full committee H. R. 6882, to provide for an additional Assistant Secretary of Labor. p. D370

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12. DEPRESSED AREAS. Extension of remarks of Sen. Goldwater stating that "depressed areas are not new," and inserting an editorial, "Please, Mr. President, Don't Overlook Arizona." p. A3573
13. FOREIGN TRADE. Extension of remarks of Sen. Case, N. J., suggesting a program of trade-adjustment assistance as a possible solution to some of the problems of foreign trade and inserting an article by Sen. Javits on this subject. pp. A3580-1
14. FOREST ROADS. Extension of remarks of Sen. Jackson favoring budgets "to fulfill the needs that exist" for prompt construction of needed forest access roads, and inserting an Oroville (Wash.) Chamber of Commerce letter on this subject. pp. A3582-3
15. FARM LABOR. Extension of remarks of Sen. Carroll inserting the story of a locally organized migrant council's programs to aid migrant workers. pp. A3583-4

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16. APPROPRIATIONS. Department of Agriculture appropriations for 1962. Part 1, AMS, ARS, FES, FCS, the Budget, General Agricultural Outlook and Secretary of Agriculture; Part 3, Statements of Members of Congress, interested organizations, and individuals. H. Appropriations Committee.
Independent Offices Appropriations for 1962. Part 1, H. Appropriations Committee.
Department of Defense. Part 2. H. Appropriations Committee.
Departments of Labor and Health, Education and Welfare; Part 2, Public Health Service; Part 3, Department of Labor; Part, 4, Statements of Members of Congress, interested organizations and individuals. H. Appropriations Committee.

87TH CONGRESS }
1st Session }

SENATE

{REPORT
{No. 281

HOUSING ACT OF 1961

REPORT

OF THE

COMMITTEE ON

BANKING AND CURRENCY

UNITED STATES SENATE

TO ACCOMPANY

S. 1922

TOGETHER WITH

INDIVIDUAL AND SUPPLEMENTAL VIEWS



MAY 19, 1961.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1961

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HOUSING ACT OF 1961

MAY 19, 1961.—Ordered to be printed

Mr. SPARKMAN, from the Committee on Banking and Currency, submitted the following

REPORT

[To accompany S. 1922]

The Committee on Banking and Currency, having considered the same, report favorably a committee bill (S. 1922) to assist in the provision of housing for moderate- and low-income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, and recommend that the bill do pass.

INTRODUCTION

GENERAL

The Subcommittee on Housing held hearings on April 4-7, April 10-14, and April 20, 1961, to consider S. 517, S. 518, S. 605, S. 608, S. 726, S. 766, S. 858, S. 1226, S. 1245, S. 1324, S. 1478, and S. 1481. These hearings resulted in a printed record of over 1,000 pages. In addition, on March 20, 21, and 22, 1961, the subcommittee held hearings to consider S. 345, a bill to provide for an urban mass transportation program. This hearing resulted in a printed record of some 450 pages. On April 26 and 27, the subcommittee, in executive session, considered these measures, the testimony received during the hearings, and all other matters presented to it in connection with 1961 housing legislation and subsequently made recommendations to the committee. After executive sessions on May 16, 17, and 18, 1961, during which the committee considered the subcommittee's recommendations and other bills and proposals, an original bill was drafted by the committee and is reported for the consideration of the Senate.

In general, the committee bill is designed (1) to bring about a realistic housing program for moderate-income families; (2) to encourage the rehabilitation and improvement of existing properties by

establishing a long-term, low-interest rate improvement and rehabilitation program within the medium of FHA loan insurance; (3) to encourage research and development and the use of advanced technology in the construction industry by permitting the FHA Commissioner to insure mortgages on buildings which are constructed on an experimental basis with improved methods and materials; (4) to initiate a new program of Federal aid to communities for the acquisition of undeveloped land for preservation and use as open space; (5) to assist in the improvement of mass transit systems; and (6) to provide continuity for various existing housing programs and to make necessary technical amendments to insure that existing housing programs better serve the housing needs of the people.

Much of the legislation contained in this bill has particular significance because no general housing legislation was enacted during the second session of the 86th Congress.

PRESIDENT'S HOUSING MESSAGE

On March 9, 1961, the President sent his housing message to the Congress. In general, the committee was impressed by this message for it proposed a program of action not only in the field of housing but also in the equally challenging field of community development. The message indicated that the President is aware of the housing problems of the people of this Nation and indicated to the committee, at least, that the President is willing to redeem the pledge laid down by the Congress in the Housing Act of 1949 of "a decent home and suitable living environment for every American family."

The Executive's message was aimed at three basic national objectives. These are:

1. The renewal of our cities and the assurance of sound growth in rapidly expanding metropolitan areas;
2. The provision of a decent home for all of our people;
3. The encouragement of a prosperous and efficient construction industry as an essential component of general economic prosperity and growth.

The committee has given careful consideration to the President's message, as well as to Senate bill, S. 1478, which was introduced to implement the message. Although the committee was not in full agreement with all of the proposals in the implementing bill, the committee retained most of the principal features of this bill and is satisfied that the bill herewith reported is the best means of accomplishing the aims set forth by the President.

HOMEBUILDING AND THE STATE OF THE ECONOMY

In considering 1961 housing legislation, the committee not only took into consideration the bills referred to it, the testimony of witnesses appearing at the housing hearings, the President's housing message and other proposals, but it also considered the state of the national economy and the relationship of a healthy homebuilding industry to this economy.

The committee is concerned about the state of the national economy and the continued lack of sustained vitality shown by the homebuilding industry. After having moved ahead for 3 consecutive months, private nonfarm housing starts failed to show the sharp spring up-

surge that normally is associated with the month of April. As a result the seasonally adjusted annual rate slid back from a level close to 1.3 million to one only a shade better than 1.2 million. The committee views such a performance at this time as far from satisfactory, particularly in view of the needs of the national economy as well as the unmet housing needs of our Nation.

The committee believes that steps must be taken to stimulate the homebuilding industry if this Nation is, in fact, to meet housing needs of the people which will, according to all statistics thus far compiled, become more acute during the latter half of the decade.

The committee is aware of some steps already taken by the President to alleviate the current sluggishness in the homebuilding industry and the national economy. For example, the reduced interest rate on FHA-insured mortgages, the higher price offered for mortgages by the Federal National Mortgage Association, the encouragement given by the present administration to local communities to speed up urban renewal and public housing projects, and the broadening of the public facility loan program to cover additional necessary local facilities, are showing some results in the national economy.

In addition, actions by the Federal Reserve Board and the Treasury Department in reducing interest rates on long-term securities, and by the Federal Home Loan Bank Board in reducing interest rates on savings and loan mortgages, are showing some effect in increasing the flow of mortgage credit which should be of further help in improving the national economy and as a spur to the homebuilding industry.

The committee believes that the bill, as reported, will be of further aid to the economy through its new housing programs for moderate-income families, which families represent a large untapped market heretofore largely overlooked and neglected. The provisions in the bill which would help localities continue their program to eliminate slums and blight, and to expand their community facilities should be a further aid to the economy.

In acting upon the reported bill the committee has been mindful and most conscious of the national housing policy set forth in the Housing Act of 1949, more particularly that part of the policy which states “* * * private enterprise shall be encouraged to serve as large a part of the total need as it can * * *.” The majority of new programs established by the committee bill would be under the administrative jurisdiction of the Federal Housing Administration. This agency has, from its establishment, promoted the construction of housing by private enterprise. The new programs proposed by the bill are not a departure from the mortgage insurance system, but on the contrary, are further encouragements to private enterprise to accomplish the housing needs that are apparent.

TITLE I—NEW HOUSING PROGRAMS

HOUSING FOR MODERATE INCOME FAMILIES

Section 101 of the bill would authorize on a temporary, experimental basis a new FHA mortgage insurance program which would assist private enterprise to provide homeownership for families of moderate income. For families with incomes that do not permit homeownership at current construction costs and at market interest rates, but who have incomes too high for public low-rent housing, this section

of the bill would also establish a new program of FHA-insured, long-term, low-interest-rate mortgage loans for moderate rental housing.

Proposals designed to provide Federal assistance for housing families who are not eligible for low-rent public housing, but who cannot afford decent privately financed housing, are not new to this committee. Rather consistently since 1950, the housing problems of low- and middle-income groups have been considered by the committee, and several reports recommending favorable action in behalf of these groups have been made. As recently as April 15, 1960, the Subcommittee on Housing of this committee made a report on its study of mortgage credit and, among other things, reiterated the pressing needs of middle-income families. The subcommittee reached the following conclusion:

Existing institutions available to help achieve the national housing policy of "a decent home and suitable living environment for every American family * * *" are inadequate. It is evident that families of low and moderate income cannot be housed decently, within the foreseeable future, unless new programs for this purpose are fostered by the Federal Government, or by State and local governments, or by all levels of government.

Perhaps the most significant reason that previous proposals to establish a moderate-income housing program have not been favorably received by the Congress is that the majority of those proposals would have placed sole responsibility for such a program on the Federal Government. The moderate-income housing program which would be provided by this bill is designed to enable private enterprise to participate to the maximum extent in meeting the housing needs of moderate-income families. The committee recognizes that this is a new and untried approach which, as time goes on, may require many modifications. The committee, therefore, feels that it would be wise to treat this new program as an experimental one which could be reviewed by the Congress before extension beyond July 1, 1963.

The largest unfilled demand in the housing market is that of moderate-income families. The most recent figures on this subject show that there are some 11.2 million families with incomes between \$4,000 and \$6,000. This means that one out of every four families in the United States falls in this category, which is an indication of the importance of this group in the housing market. The table below shows the distribution of families by their total money income for the year 1959 as reported by the Bureau of the Census.

Total money income of families	Number of families (thousands)	Percent
Under \$1,000.....	2,302	5.1
\$1,000 to \$1,999.....	3,744	8.3
\$2,000 to \$2,999.....	4,195	9.3
\$3,000 to \$3,999.....	4,555	10.1
\$4,000 to \$4,999.....	5,276	11.7
\$5,000 to \$5,999.....	5,953	13.2
\$6,000 to \$6,999.....	4,961	11.0
\$7,000 to \$7,999.....	3,789	8.4
\$8,000 to \$9,999.....	4,781	10.6
\$10,000 to \$14,999.....	4,105	9.1
\$15,000 and over.....	1,401	3.1
Total.....	45,062	100.0

In order to obtain maximum participation by private enterprise in a moderate-income housing program, the present FHA section 221 mortgage insurance program for persons displaced by urban renewal and other governmental activities would be broadened and modified so that it would also serve a broad range of moderate-income families. The program would continue to be available in its modified form for relocation housing, and procedures would be prescribed by the Commissioner of FHA to assure availability of dwellings provided under the program to displaced families. The Federal Government would continue to favor housing which serves displaced families by earmarking Federal National Mortgage Association special assistance funds for relocation housing.

By broadening the FHA section 221 program it would serve another major purpose. It would accelerate and stimulate housing construction as a means of alleviating the present depression in the home-building and related industries. The housing constructed, however, would be designed to meet the greatest need—that of moderate-income families.

Section 221 of the National Housing Act now provides for FHA mortgage insurance for both homes and rental housing, new or rehabilitated, for persons displaced from their homes by urban renewal and other governmental action. The units which may be provided in any one locality are limited to the number which the Housing and Home Finance Administrator certifies to the Federal Housing Commissioner as being needed for the relocation of displaced families. Also, the availability of section 221 mortgage insurance is restricted generally to communities which have a "workable program," approved by the Housing Administrator, for dealing with their overall problems of slums and blight.

Broadened scope of program

Section 101 of the bill would broaden the program so that it would serve moderate-income families as well as displaced families whose needs would continue to be met under the program.

The following changes would be made in view of its broadened purpose: (1) The maximum number of section 221 units in any given community would no longer be predetermined by the Housing Administrator; (2) it would not be necessary in all cases for the community to obtain approval of a "workable program" as a prerequisite for section 221 mortgage insurance; and (3) it would not be necessary for the community to request formally that the program be made available. The "workable program" requirement would apply to the new "below market rate" rental housing mortgage insurance program under section 221 described later.

Changes in terms—One- to four-family home mortgages

In addition to the broadened scope of the program, several other changes would be made in order to make it more workable. With respect to one- to four-family residences, 40-year, no downpayment mortgages are permitted under existing law, with the mortgagor being required to make only an initial payment of at least \$200 (including closing costs) for each dwelling unit. The maturity of the mortgage may not, in any event, be more than three-fourths the economic life of the property. These provisions would not be changed, but

statutory limits on the amounts of the mortgages would be increased as follows:

	Present	Proposed	High cost areas	
			Present, up to—	Proposed, up to—
1-family.....	\$9,000	\$9,000	\$12,000	\$15,000
2-family.....	18,000	18,000	20,000	25,000
3-family.....	25,000	27,000	27,500	32,000
4-family.....	32,000	33,000	35,000	38,000

The authority to insure one- to four-family home mortgages would expire on July 1, 1963, unless further extended by law, except for mortgage insurance commitments issued before that date and except for insurance of mortgages covering property intended to provide housing for displaced families.

Changes in mortgage terms—rental housing

The present statutory limit on a section 221 rental housing mortgage of \$9,000 per family dwelling unit, or \$12,000 in high-cost areas, would be changed to a per room limit, except in the case of a project having less than 4 rooms per unit. The maximum mortgage amount per family unit would, under the bill, be \$8,500 if the number of rooms in the project averages less than 4 per family unit, or \$9,000 for elevator-type structures. In high-cost areas the mortgage could include up to an additional \$1,000 per room. Where the number of rooms in the property averages 4 or more per family unit the maximum mortgage amount would be as follows:

	Per room limit	Per room limit, high- cost areas, up to—
Nonelevator structures.....	\$2,250	\$3,250
Elevator structures.....	2,750	3,750

In the case of rental housing being rehabilitated, the present law for profitmaking mortgagors limits the mortgage to 90 percent of the value of the project when the proposed rehabilitation is completed and for nonprofit mortgagors to 100 percent of value. Under the bill the percentage ratios would apply to the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation. Under many circumstances, mortgage amounts more adequate to finance the rehabilitation would be permitted under this amendment than under the present law. However, the amount of the mortgage loan could in no case exceed the estimated cost of repair and rehabilitation and the amount, if any, required to refinance existing indebtedness secured by the property.

Section 101 would also permit the maximum maturity of these rental housing mortgages to be determined at the discretion of the Federal Housing Commissioner. The maximum maturity is now established at 40 years by law, but not more than three-fourths of the remaining economic life of the property. Also, the minimum

number of units in a rental project eligible under this program would be changed by this section from 10 to 5 units.

The authority to insure mortgages on rental housing for profit would also expire on July 1, 1963, unless further extended, except for commitments issued prior to that date and except for housing for displaced families.

Payment of mortgage insurance claims

The Commissioner could, in his discretion, agree that the mortgage insurance claim payable in the event of a mortgage default would be paid in debentures that bear an interest rate in effect at the time of their issuance rather than the rate in effect at the time of insurance of the mortgage as under present law. In the case of a mortgage covering a moderate income rental housing project insured under the provisions of section 221(d)(3) the Commissioner could agree to pay any insurance benefits in cash in the event of default on the mortgage. Under present law, the insurance benefits are payable only in debentures accompanied by a certificate of claim and small cash payments of odd amounts.

As another inducement for private investment in the one- to four-family home mortgages, the Commissioner could, in his discretion, provide for defaulted mortgages to be assigned to the FHA and insurance claims to be paid to the mortgagees without the mortgagees being required, as under present law, to foreclose the mortgage, or obtain the property in some other manner and convey title to the property to the Commissioner before receiving payment of the insurance claim. Mortgagees presently are permitted to assign mortgages in default in the case of multifamily housing mortgages. Under the bill the Commissioner could pay the mortgagee's claims without deducting the 1 percent in the case of assignments of multifamily mortgages as now required.

"Below market rate" FHA-insured loans for rental and cooperative housing for families of lower income

There are many families whose incomes are sufficiently high so that they are not eligible for low-rent public housing but who cannot afford homeownership even if assisted by FHA insurance of no downpayment 40-year mortgage loans. This is particularly true of families living in central cities where high land costs make it impracticable to provide single-family homes. Many of these same families also cannot afford apartment-type housing even of modest design if it is financed at the going FHA interest rate and subject to the regular FHA insurance premium.

In order to help meet their housing needs, the nonprofit, rental housing provisions of section 221 of the National Housing Act would be utilized for communities having "workable programs" for dealing with their overall problems of urban blight and housing. The "workable program" is specifically defined as an official plan of action, as it exists from time to time, for effectively dealing with the problem of urban slums and blight within the community and for the establishment and preservation of a well-planned community with well-organized residential neighborhoods of decent homes and suitable living environment for adequate family life and for utilizing appropriate private and public resources to eliminate, and prevent the development or spread of, slums and urban blight, to encourage needed

urban rehabilitation, to provide for the redevelopment of blighted, deteriorated, or slum areas, or to undertake such of the aforesaid activities or other feasible community activities as may be suitably employed to achieve the objectives of such a program.

Section 221 would be broadened to authorize a new program of long-term, low-interest-rate, 100-percent loans for rental and cooperative housing projects containing five or more dwelling units. The interest rate would be established at the discretion of the Federal Housing Commissioner below the market rate, but not lower than a minimum prescribed in the statute. This minimum would be the average market yield on all outstanding marketable obligations of the United States. At the present time the interest rate could be as low as 3½ percent.

In addition, the Federal Housing Commissioner could, if needed to provide housing at sufficiently low rentals, eliminate the insurance premium for the mortgage, reduce the insurance premium, or impose a premium charge for only a part of the period the mortgage is insured. The higher limits on the amount of a mortgage loan described previously would be applicable.

The below-market interest rate and reduction of FHA mortgage insurance premiums would be made available only where the mortgagors operate the housing subject to related controls on rentals and income limits for admissions of tenants to the housing. The section 221 program would continue to be available at market FHA interest rates and without FHA mortgage insurance premium reductions for nonprofit mortgagors building for displaced families or other families. In these cases the housing would be subject to the regular FHA regulations and restrictions.

The mortgage loans could be purchased from the lender under the special assistance program of the Federal National Mortgage Association and would be processed and insured by the FHA. The mortgages bearing an interest rate below the market rate would probably be held in the FNMA portfolio.

The mortgage loans with below-market interest would be serviced by the FNMA in the same manner as it now services other mortgages that it holds on apartment-type projects. Construction would be inspected and project management would be supervised by the FHA in the same manner as is done in the case of other FHA-insured multi-family projects. That is, the FHA would process the original application for mortgage insurance, and in that connection would approve the plans and specifications, the mortgage amount, and the mortgage maturity.

Eligible borrowers could include, in addition to nonprofit organizations, cooperatives, local public agencies, and limited profit corporations. In all cases where the interest rate is below the market or where the FHA insurance premium is waived, occupancy of the projects would be limited to families and individuals whose incomes exclude them from standard housing in the private market. This limitation would be achieved through regulatory requirements which would necessarily differ depending on whether the borrower is providing nonprofit rental housing, cooperative housing, or limited profit rental housing. However, there would be no evictions required by Federal law on the grounds that a family's income had risen during occupancy. This is a matter which would be left to the discretion of the organization owning the project.

The FHA would also establish and enforce maximum rentals, and would supervise management practices with respect to such matters as the establishment of appropriate reserves.

In addition, section 101 would authorize appropriations to reimburse the FHA section 221 housing insurance fund for any expenses and net losses it might sustain in connection with the insurance of mortgages under the special moderate-income rental housing program.

HOME IMPROVEMENT AND REHABILITATION LOANS

Section 102 of the bill would establish a new FHA home improvement and rehabilitation program making available to property owners long-term, low-interest loans at monthly payments within their means to repay such loans.

Loans under the program proposed by the bill would be made and insured by FHA with a minimum of difficulty to the homeowners but with enough safeguards to protect the borrowers from exorbitant financing charges and to assure that the loans would be used for basic property improvements rather than gadgets or lesser items. Provisions are also included in the bill aimed at making the loans attractive to private lenders.

According to reports of the Bureau of Census, in March 1960, there were 58.3 million housing units in the United States. Of these, nearly 11 million were substandard, in that they were either dilapidated or lacked a private inside bath or toilet, or hot or cold running water. An additional 4.8 million units, while not yet substandard were deteriorating, and in the absence of strong restraining influences, will become substandard. Among the units already substandard many are so dilapidated that they should be demolished. The balance of the substandard units along with those classified only as deteriorating, need repair or rehabilitation work in greater or lesser degree in order to make them structurally sound or supply them with necessary plumbing facilities. In addition, there are the unknown numbers of homeowners who wish to add a room to their homes or to add additional bathrooms and other facilities that would make their homes more adequate or livable for their families.

The most urgent need in this field is represented by some 75,549 home structures in urban renewal project areas (as of December 31, 1960) which after survey and inspection have been designated for substantial improvements, and on which no repair work has been started. This represents 78 percent of the total number of structures in these projects which were determined to be suitable for improvements. More and more urban renewal projects that are being initiated and approved contemplate substantial amounts of conservation and rehabilitation rather than complete clearance and rebuilding of the areas.

It is estimated that the new FHA home improvement loan insurance as would be provided by this bill would stimulate a countrywide activity in home improvement which could amount to an increase of \$4 or \$5 billion or more in construction business within the next 5 years.

FHA experience in its title I property improvement program (involving smaller loans and shorter terms) indicates that home improvement loans are safe investments for lenders. The proposed new

program with its additional protections should be even more attractive to lenders. FHA has insured over 24 million title I loans totaling close to \$14 billion in amount. Insurance claims amounting to 1.84 percent of loans insured have been paid through 1959. Allowing for recoveries, the cumulative loss ratio amounts to only 0.84 percent. The new program should provide financing for the more extensive home repairs that cannot be financed under the FHA title I home improvement program.

Essentially the new home improvement and rehabilitation loan program might be broken into two parts: (1) loans which would be available to property owners in urban renewal areas for improvement and rehabilitation of one- to four-family dwelling units as well as for multifamily structures, and (2) loans which would be available to property owners outside urban renewal areas for improvement and rehabilitation of one- to four-family dwelling units.

Loans in urban renewal areas

Under section 102(a) of the bill, FHA could insure loans for the improvement and rehabilitation of homes and multifamily structures. Such loans could be separate from and in addition to existing mortgages on the properties.

A loan could be up to \$10,000 per family unit in amount, or the estimated cost of the improvement, whichever is lesser. The maturity could be up to 25 years, or three-fourths of the remaining economic life of the property, whichever is the lesser, and it would bear an interest rate not in excess of 6 percent. A service charge, and appraisal, inspection and design fees could be included in the amount of the loan.

As a protection to both the homeowner and the lender, the loan would be further limited to an amount which when added to any outstanding indebtedness related to the property being improved would keep the total indebtedness against the property within the limits which would be applicable if FHA were insuring a mortgage for the purchase and rehabilitation of the property. Thus, a homeowner would not be permitted to undertake a home improvement debt burden that would be excessive in relation to the value of the property.

Advances during the improvement work would be eligible for insurance in order to assure the availability of interim financing of home improvements. Advances on a loan for the improvement of a one-family home could be insured if needed to enable the homeowner to start and continue the work.

To demonstrate the effect of the proposal, a homeowner could obtain a \$5,000 home improvement loan repayable over a period of 15 years with a monthly payment of \$43.77. This example is based on a 5½-percent interest rate, ½-percent insurance premium, and a ½-percent service charge. If this same loan had a maturity of 25 years the monthly payment would be only \$33.68.

The proposed program would eliminate the necessity of a homeowner refinancing any existing mortgage which may be outstanding on the property, unless for some reason the Commissioner finds refinancing should be required or would be more advantageous to the borrower. In many cases outstanding mortgages bear interest at 4 or 4½ percent so that refinancing in order to obtain improvement funds would require

assumption by the borrower of a new mortgage bearing a higher interest rate. Many homeowners do not know how to go about refinancing an existing mortgage in order to obtain funds for home improvements. In addition, refinancing means additional cost to the borrower in settlement costs, prepayment charges, and other charges which can amount to as much as 8 percent of the total amount of the refinancing loan, depending upon the circumstances and jurisdiction. Much of the additional costs could be avoided under the proposed program in many cases.

Because the greatest need at the present time is in urban renewal areas, lenders would be given special inducements to make these new varieties of loans for improvement or rehabilitation of structures in those areas. It is recognized that many lenders do not now make home improvement loans of the type proposed. In addition to FHA insurance of the loans, FNMA would be authorized to purchase the loans from the lenders when they are made to improve homes in urban renewal areas and the President could authorize FNMA special assistance for the loans. Also, the Federal Housing Commissioner would be authorized to provide for payment of insurance claims of lenders in cases of defaults upon assignment of the loans to the Commissioner. FHA insurance benefits would be paid in the form of 10-year debentures, bearing interest at the rates in effect at the dates of their issuance.

Home improvement outside of urban renewal areas

Section 102(b) would permit the Commissioner of the FHA to insure loans for the improvement or enlargement of one- to four-family dwellings (but not multifamily structures) that are located outside urban renewal areas. Such loans would have the same limits and requirements as loans for improvement of properties in urban renewal areas, except that the loan and property outside of an urban renewal area must be "economically sound." FNMA would be authorized to purchase these loans. Insurance claims of lenders on defaulted loans would be payable in 20-year debentures, upon assignments of the defaulted loans to FHA.

The "economic soundness" requirement does not mean that home improvement loans under this new program cannot be made available for properties in so-called gray areas that are susceptible to economic repair and rehabilitation. Properties in gray areas can be made eligible for home improvement loans if the localities assure the general upgrading of the areas by making them urban renewal project areas. The areas can be nonfederally assisted by grants and urban renewal loans and involve no slum clearance. All that is necessary is that the locality have a workable program and have a plan that has been approved by the local governing body and the Urban Renewal Administration for the conservation and rehabilitation of the area. Simple procedures have been developed for approving urban renewal plans for the rehabilitation and conservation of neighborhoods or areas that are deteriorating. These plans are necessary to guard against substantial expenditures inconsistent with desirable future land use in an area and to protect individual homeowners who would be willing to improve their homes but would otherwise not be assured that other homes in the areas would be improved.

Security for new home improvement and rehabilitation loans

The Administration originally proposed that home improvement and rehabilitation loans provided in section 102 (a) and (b) "shall be secured at the discretion of the Federal Housing Commissioner in such cases and in such manner as he may require." At the hearings, Housing Agency witnesses explained the need for this broad discretion in view of the wide variety of loans involved. Some would be quite small and well below the dollar and maturity ceilings of the existing FHA title I repair and improvement program. In most cases, the title I loans are unsecured other than by the signature of the borrower on a note, and are not processed by FHA. The FHA loss experience on that program has been extremely good, with losses representing only about 0.84 percent, and with income exceeding losses. It was also explained how the existing mortgage insurance programs designed to help rehabilitation of urban renewal housing have been almost completely inactive, and that security other than the traditional mortgage is essential to rehabilitation of blighted areas on any significant scale.

The committee strongly supports the objectives of the new home improvement and rehabilitation loan program. However, the committee was concerned about the Government's risk on these loans. Consequently the Housing Agency witnesses were closely questioned as to the type of security which would be required under varying circumstances. It was the considered opinion of the committee that each loan be processed under standards and requirements which will avoid inadequate security or other undue risk.

In line with this policy, the bill reported requires that "adequate security" be taken in connection with these new loans in such manner as the Commissioner may require. The committee is particularly concerned as to the security for loans with long maturities and in those made for the larger dollar amounts. Under the bill, a loan may run for as long as 25 years, and may be as large as \$10,000 per family unit. It is the intention of the committee that any loan with a long maturity and large amount should be secured by a lien on the property involved. This lien may take the form of a junior lien or liens as may be appropriate under the circumstances involved and the laws of the particular State.

With respect to all other insured repair and rehabilitation loans, it is the intention of the committee that the Federal Housing Commissioner require security consistent with the risk involved. For loans either in large amounts or with long maturities, the committee believes that some form of security, other than a personal note or bond, should generally be required. It is recognized that such a loan could be secured by an annuity, or the pledge of other property of the borrower or a third party. In establishing the required security for these cases, the committee feels that consideration should be given to all risk factors, including the real or personal property pledged, its value relative to the loan amount, the proposed use of the property being rehabilitated, and any income therefrom, the amount and maturity of the loan, other outstanding indebtedness, the borrower's credit rating, and the credit rating of any cosigner of the loan note.

On the other hand, the committee wishes to state the importance of avoiding requirements which may prove to be unduly costly to the

borrower in connection with smaller loan amounts. For example, a lien which may cost as much as \$100 or \$200 to perfect should not normally be required to secure a modest loan. Also, the committee has no intention of suggesting that security, other than a personal note, for loans in amounts and with maturities similar and parallel to those now eligible for FHA title I insurance, nor for other eligible loans in modest amounts, where the Commissioner determines the credit rating of the borrower or cosigner affords adequate assurance of repayment under the circumstances.

It has been indicated to the committee that, in many cities, local urban renewal agencies would, with FHA assistance, work with homeowners in urban renewal areas in planning their home improvements. This would help to assure that the maximum benefits would be obtained from the home loans and the proceeds would not be dissipated on items that do not contribute substantially to the improvement of the home and the neighborhood. Also, FHA inspections and appraisals are contemplated in appropriate cases.

OTHER CHANGES IN FHA MORTGAGE INSURANCE PROGRAMS TO ASSIST HOUSING IMPROVEMENT AND REHABILITATION

Section 102 would also make changes in the present FHA section 220 urban renewal housing program for urban renewal areas. These changes are directed toward making the program more effective in financing housing improvement and rehabilitation. The section 221 relocation housing program would also be amended (by section 101 of the bill) in the same way for the same purpose.

FHA insures mortgages executed for the purchase and rehabilitation of housing in urban renewal areas under its section 220 program, and under the section 221 program for housing for families displaced by urban renewal or other governmental action. Mortgage insurance under the two programs is also available for refinancing existing mortgages in order to provide funds for improvement and rehabilitation.

Under the existing law, the basis for determining the maximum amount of a section 220 repair or rehabilitation mortgage is the "appraised value" of the property (as distinguished from "replacement cost" where used as the basis for new construction). Under the bill the basis would be the sum of (1) the estimated cost of the repair and rehabilitation and (2) the Commissioner's estimate of the value of the property before repair and rehabilitation. However, in no event could the mortgage exceed the cost of rehabilitation and the amount, if any, required to refinance existing indebtedness.

This amendment is designed to permit mortgage amounts more adequate to finance the rehabilitation work. The present limit on mortgage amounts, which is based upon appraised value, frequently results in commitments to insure mortgages which are not usable because the insurable mortgage is too low. This requires the mortgagor to make a large cash investment in order to finance the necessary rehabilitation. This could happen in any case where the mortgagor's cost of acquisition before rehabilitation plus costs of rehabilitation would exceed the appraiser's estimate of the market value after rehabilitation. Although appraisers are instructed to take into account the upgrading that would result from renewal of the neighbor-

hood where the housing is in an urban renewal area, in the early stages of redevelopment there is little evidence, if any, of sales of rehabilitated properties to translate into dollar values. The appraiser is influenced most strongly by evidences in the market of what properties are presently selling for. This may be less, in the appraiser's opinion, than what an individual owner considers his property to be worth after rehabilitation.

The committee believes that the proposed change would result in a more realistic estimate of the total required investment in the property (value before rehabilitation plus estimated cost of rehabilitation). In some cases this could permit a mortgage amount which might exceed the value of the property as determined on the basis of the conventional appraisal standards. On the other hand, as the neighborhood is improved this value will be attained.

To encourage lenders to make mortgage loans to finance both rehabilitation and new construction of homes in urban renewal areas and for displaced families, the Commissioner of the FHA would be given discretionary authority to prescribe regulations which would permit insurance benefits in cases of defaults on section 220 or section 221 insured mortgages to be paid in debentures upon assignment to him of the mortgages. Under the present law, insurance benefits are payable only in debentures accompanied by a certificate of claim and small cash payments for odd amounts. At the present time, in the case of mortgages on one- to four-family homes the Commissioner cannot pay insurance benefits (with the exception of only one type of default) to mortgagees upon assignment of defaulted mortgages. Instead, the mortgagees are required to foreclose the mortgage or obtain title to the mortgaged property in some other manner, and convey the title to the Commissioner before the insurance claim can be paid. Under the provisions of the bill the Commissioner could permit the mortgages to be assigned to FHA for payment of insurance claims and the mortgagees would be relieved of the responsibility of handling foreclosures and taking care of the acquired properties until they are conveyed to the FHA. In addition, the debentures could bear interest at the rate in effect as of their date of issuance, if the Commissioner so provides.

EXPERIMENTAL HOUSING MORTGAGE INSURANCE

Section 103 would add a new section 233 to title II of the National Housing Act to authorize the Commissioner of FHA to insure mortgages insured by properties, both sales and rental, which are constructed utilizing advance designs and technology.

The recent mortgage credit study made by the Housing Subcommittee, as well as testimony and other information presented to the committee, have shown that many new materials and products are becoming available which could substantially change design and construction techniques for residential structures. For example, HHFA testified that some of the new products which have been brought to the committee's attention are (1) a stressed-skin sandwich panel which is made of a foamed-in-place polystyrene core for use as insulation and vapor barriers, (2) nylon tubing for plumbing facilities, (3) particle boards with superimposed veneer finishes for floors, walls,

and cabinet coverings, (4) plastic woven wall coverings for uses in interior decorating, and many other new products. The committee has recognized that since World War II there have been very broad and basic changes in the character of the homebuilding industry. The use of component parts, automatic machinery and equipment, and assembly line practices have today become an integral part of homebuilding or the construction process.

The committee believes that in order to keep in step with the forward pace in homebuilding, the FHA Commissioner should encourage the use of improved methods and materials in processing applications for mortgage insurance. The committee also believes that careful and sympathetic consideration should be given to applications for insurance of mortgages which are secured by residential properties designed and constructed in accordance with advanced techniques.

In order to accomplish the aim set forth above, this section would add a new section 233 to the National Housing Act.

Under the new section, FHA would be authorized to insure mortgages on homes or rental housing incorporating new and untried materials, design and construction methods and involving experimental property standards and neighborhood design. The program is designed to assist in reducing housing costs and improving housing standards. The FHA would be authorized to make investigations and analyses of data and to publish and distribute reports on this program.

The FHA could correct any defects or failures in a house which it finds are caused by or related to such advanced housing technology. This authority would permit FHA, for example, to make a house sound and livable in case a new type of roof or wall proved to be inadequate, if it is not possible for the mortgagor to obtain such correction from the builder or sponsor of the house.

A mortgage eligible under this new program could be insured if it meets requirements of the regular mortgage insurance programs, except that the property would not have to meet the "economically sound" requirement. Instead, it would need to be an "acceptable risk" giving consideration to the need for testing advanced housing technology. Also, the Commissioner's estimate of the cost of replacing the property with a house of comparable conventional construction would be used in lieu of value for determining the maximum amount of the mortgage.

The Commissioner would be given discretionary authority, in the case of defaults on mortgages covering experimental housing to provide by regulation that the insurance claims would be paid to the mortgagee in debentures bearing interest at the rate in effect at their dates of issuance. He could also agree to pay a claim upon assignment of the mortgage to the Commissioner. Accrued interest could be included in any debentures issued under this program.

The bill provides authority for the Commissioner of the FHA to transfer the sum of \$1 million to the experimental housing insurance fund to be used by the Commission as a revolving fund to carry out the provisions of the experimental housing program. The committee believes that mortgage insurance under this program should not be written in an aggregate amount which would result in estimated claims exceeding \$1 million.

MORTGAGE INSURANCE FOR INDIVIDUALLY OWNED UNITS IN MULTIFAMILY STRUCTURES

Section 104 of the bill would add a new section 234 to the National Housing Act to authorize the Commissioner of the FHA to insure a mortgage covering a family unit in a multifamily structure and an undivided interest in the common areas and facilities which serve the structure.

The structures are frequently referred to as "condominiums." The condominium concept is similar to that of a cooperative, with the principal exception that the individual unit in a multifamily structure is owned by the occupant and can be separately encumbered by a mortgage (as well as separately conveyed). Each unit owner also owns a share in the common area and facilities of the building, such as the land, the foundations, halls, lobbies, and stairways. The common area and facilities remain undivided and are not subject to division. The necessary maintenance of the property and use of the common facilities are governed by agreement between the individual owners of units in the building. The common profits and expenses of the building are distributed among the owners of individual units. Puerto Rico has a special law entitled the "Horizontal Property Act" which establishes the property rights in condominiums in Puerto Rico and provides certain requirements that must be met by the original owners of the condominium structures and the purchasers of the family units in the condominiums.

Under this section of the bill, an insured mortgage could cover a family unit owned either in fee simple or under a long-term lease. A mortgagor would be required to be the owner-occupant of one unit in the structure and he could own not more than four one-family units (including the one he occupies) covered by mortgages insured under the new section. The mortgagor would own an undivided interest in the common areas and facilities of the structure. The common areas and facilities could include the land, and such commercial community, and other facilities as are approved by the Commissioner. The mortgage would be required to contain such provisions as the Commission determines necessary for maintenance of the property and use of the common areas and facilities and the structure. The Commissioner would also be authorized to require the rights and obligations of all the owners of units in a structure, as well as the mortgagors, to be subject to controls he determines are necessary and feasible to promote and protect individual owners.

Mortgages would be restricted to those covering family units in structures which are or have been covered by FHA-insured mortgages, except that projects insured under FHA section 213 (cooperative housing) program would be excluded from the provisions of this section. Where the structure is subject to the FHA mortgage, the family unit sold would be released from the lien of that mortgage. The structures could be new, existing, or rehabilitated. This would assure that all of the structures would have been built or rehabilitated with the benefit of FHA minimum property requirements, inspections, and appraisals.

The Commissioner could require that a minimum number of the units in a structure would be offered for sale before he approved insurance of mortgages financing the purchase of any of the dwelling units. The remaining units could be rented.

The amount of a mortgage insured could not exceed (1) the per room and per family unit limits of the section 207 rental housing program nor (2) the loan to value ratios of the section 203 home mortgage program. The dollar mortgage limitations under the section 207 program are \$2,500 per room (\$3,000 for elevator-type structures), and \$9,000 per family unit in less than 4-room units (\$9,400 for elevator-type structures). The Commissioner may increase these limitations by a maximum of \$1,250 per room in high-cost areas. The loan to value ratios under the section 203 program are 97 percent up to \$13,500 (new structures—90 percent for existing structures), 90 percent for \$13,500 to \$18,000, and 70 percent in excess of \$18,000. The maximum maturity would be 30 years or three-quarters of the Commissioner's estimate of the remaining economic life of the structure, whichever is the lesser.

Under this section mortgage insurance would be predicated upon a finding of "economic soundness" by the Commissioner. The interest rate (exclusive of premium and service charge) may not exceed 6 percent per annum in the discretion of the Commissioner.

Subsequent refinancing of FHA mortgages covering units in a multi-family structure and their insurance under this new program would be possible, provided the unit and the refinancing mortgage meet the FHA requirements then in effect.

TITLE II—HOUSING FOR THE ELDERLY AND LOW-INCOME FAMILIES

HOUSING FOR THE ELDERLY

Direct loan program

Section 201 would (1) make public bodies or agencies and consumer cooperatives eligible for loans under the elderly housing loan program, (2) would increase the authorization for appropriation of funds for the loan program from \$50 million to \$100 million and (3) would delete the provision in law which limits the aggregate amount of loans to "related facilities" to \$5 million.

Among the special needs for housing, one of the most pressing is that for our elderly population which now numbers over 16 million. Section 202 of the Housing Act of 1959 authorized the Housing Administrator to make long-term, low-interest-rate loans to private non-profit corporations for the provision of rental housing and related facilities for the elderly. The program was designed to provide elderly families and individuals with housing at substantially lower rents than can be achieved under the FHA program.

The loans may not exceed 98 percent of the total development cost of a project; are repayable over a period not exceeding 50 years; and may bear interest at a rate not lower than the average interest rate on the entire Federal debt plus one-quarter of 1 percent. For fiscal year 1961 this formula produces an interest rate of 3½ percent.

The enabling legislation established a \$50 million revolving fund, subject to appropriations. Last July, the Congress appropriated \$20 million to carry out a pilot program, and the President's revised budget for fiscal year 1962 requests that the remaining \$30 million be appropriated.

The committee is informed that the first projects were selected to give wide geographical distribution and considerable variation in de-

sign, size, planning, and location. Projects were limited administratively to approximately 50 units and only permanent financing was provided. Funds totaling \$7,800,000 have been reserved for 18 projects. A pent-up demand for this special type of housing catering to the lower middle-income group is evidenced by additional pending applications totaling over \$40 million, and by thousands of inquiries.

The committee is informed that two significant changes have occurred recently in this program. The unit limitation was recently lifted so that loans for larger projects are permitted. Also, Federal advances are now permitted during construction.

Three further changes would be made by this bill. The first would make public bodies or agencies and consumer cooperatives eligible for loans. Under existing law only private nonprofit corporations are eligible.

Secondly, the bill would increase the authorization for appropriation of funds for the loan program from \$50 to \$100 million. Loan reservations and pending applications are approaching the \$50 million existing limitation and a substantial increase in the demands for these loans is anticipated as a result of the lifting of the limitation on the number of units in a project, the provision of interim construction financing, and, if enacted, extension of the program to public bodies and agencies and to consumer cooperatives. In supporting the increased authorization, the committee was impressed by the fact that the combination of a longer amortization period and a lower interest rate enables this direct loan program to finance housing for moderate income elderly families and individuals who, while ineligible for low-rent public housing, are yet unable to afford the rents which must be charged in elderly housing projects insured under FHA's section 231. The broadening of the scope and size of the direct loan program will round out the Federal aids in the field of housing for the elderly. The committee regards it as a supplement, rather than an alternative, to the FHA and the low-rent public housing programs in this area.

The third change made by the bill would be the deletion of a provision in the law which limits the aggregate amount of the loans for "related facilities" to \$5 million. This is a sublimitation within the loan authorization, and is, the committee is informed, extremely difficult to administer because it requires complicated cost analyses to determine the actual cost of "related facilities" and to allocate costs between "housing" and "related facilities" as those terms are used in the law. Deletion of this statutory sublimitation would not impair the eligibility of "related facilities," such as cafeterias, dining halls, community rooms or buildings, infirmaries or other essential service facilities, if proposed in a reasonable relationship to the housing involved.

LOW-RENT PUBLIC HOUSING

The new programs proposed by this bill are intended to make housing available for families whose incomes are generally considered in the middle range of the income scale. The FHA section 221 market-rate program is intended for families at the moderate-income level. The FHA section 221 below-market interest rate program is intended to provide housing for families at the lower middle-income level, or sometimes described as those whose incomes are above the eligibility

level for public housing, but below the level for housing made available by private industry. Such programs, however, would not meet the housing needs of the lowest income segment of the population. According to the latest census results, there are 10.2 million families in the United States with annual incomes of less than \$3,000, and 4.6 million more with incomes between \$3,000 and \$4,000. Many of these families are now living in substandard housing. According to the 1960 census results, nearly 9 million families are living in substandard housing, and another 4 million are living in deteriorating houses which, while not yet substandard, are fast moving in that direction. The only Federal program which would be helpful to provide decent shelter for such families is the public housing program. There is little doubt that more public housing is needed if we are to redeem the 1949 pledge of a decent home for everyone, and if we are to proceed at a rapid pace with the clearance of slums and the rehousing of low-income families displaced by these activities.

In general, the section of the bill which relates to public housing would do the following:

- (1) restore the balance of authorization for approximately 100,000 additional low-rent dwelling units remaining under the 1949 act;

- (2) initiate a demonstration program to develop new and different approaches and concepts in the area of providing decent housing for low-income families; and

- (3) provide greater flexibility and responsibility in the program by permitting it to be more closely adapted to local needs and desires through the removal of certain Federal statutory requirements which have stood in the way of achieving the local communities' housing objectives.

These proposals are explained below in more detail.

Eligibility requirement for disabled persons

Section 202 of the bill would remove the eligibility requirement in existing law that disabled persons be at least 50 years of age, in conformance with recent changes in the Social Security Act. No age requirement would be included in the proposed amendment. This would carry out the original intent of provisions in the Housing Act of 1959 which sought to tie the eligibility of elderly and disabled persons for public housing to their eligibility for social security benefits.

Use of existing dwellings

Section 203 directs the Housing and Home Finance Administrator and the Public Housing Commissioner to encourage the acquisition and repair, rehabilitation, or remodelling of existing structures for low-rent housing rather than new construction whenever they determine that this method is practicable, economical, and consistent with the objectives of the act; and to report on such activities in the Agency's annual report. Although the authority to provide low-rent housing in this manner already exists, it has not been utilized to any great extent.

Additional subsidy for elderly tenants

Section 204 would authorize an additional payment of \$120 per year for each dwelling unit occupied by an elderly family if necessary to maintain the solvency of the program. This additional

payment would be made only where the amount was necessary in the determination of the PHA to enable the local authority to provide the dwelling unit for the elderly family at a rental it could afford and still maintain the solvency of the project. According to testimony submitted to the committee, the public housing program as now constituted does not reach the lowest income group among the elderly to the extent that it does among the nonelderly low-income families. This is shown by the following data for 1959.

Median incomes of all families:	
In urban United States.....	\$5, 755
Admitted to public housing.....	2, 201
Median incomes of elderly families:	
In urban United States.....	3, 335
Admitted to public housing.....	1, 719
Median income of elderly unrelated individuals:	
In urban United States.....	1, 137
Admitted to public housing.....	1, 013

Because elderly and disabled families have exceptionally low income they can afford to pay even less rent than other families in public housing. For example, the average rent of elderly families admitted during the period April 1 through September 30, 1960, was only \$31 per month, in contrast to \$40 per month for all other families. Local housing authorities are handicapped in admitting such families because of the prospect of insolvency of the project if they admit too many.

The Federal payment under this program would come out of the \$336 million yearly maximum under the PHA's authority, proposed by this bill, to contract for annual contributions. Because the amount of annual contributions contracted for and pledged as security for bonds must be preserved, any new contract for the extra subsidy would have to provide that the payments will be made to the extent possible under the \$336 million limitation. Thus, the security of bonds issued or to be issued will in no way be affected by this change.

Dwelling unit authorization

Section 205 of the bill would authorize the PHA to contract for the approximately 100,000 additional dwelling units which can be financed with what remains of the annual contributions authorization of \$336 million per annum originally provided under the 1949 act. No time limit is provided, thus permitting maximum flexibility in planning and coordination with local needs. The statutory language in the revised section restating the authorization is condensed and simplified but the existing requirements and limitations with respect to a "workable program" and preliminary loans are retained.

The need for the additional low-rent dwelling units has its origin among the millions of families of low-income living in substandard housing or forced to pay a greatly disproportionate part of their meager income for rent. The Census Bureau reported that in 1956 there were 4 million households with income less than \$2,000 and another 2 million with incomes between \$2,000 and \$4,000 who were living in substandard housing.

The overall need will be intensified in particular areas and at particular times by the special requirements of governmentally and non-governmentally caused displacements and by the special needs of the elderly. It is estimated that there will be about 45,000 low-income families eligible for public housing who will be displaced in 1961; and,

as the President indicated, a substantial portion of the authorization should be set aside for special units for the elderly.

With the continuing rising interest on the part of local communities for more public housing, the entire allocation of 37,000 units made by authorization of the Housing Act of 1959 probably will be exhausted by the end of this fiscal year. By March 31, 1961, 17,103 units of that authorization were under annual contributions contracts, and firm assurances had been received from local housing authorities, and confirmed by the PHA regional offices, that all the necessary steps preliminary to the execution of annual contributions contracts covering 19,897 additional units will have been completed by June 30, 1961. On March 31, 1961, there were applications for 51,353 dwelling units in various stages of processing prior to annual contributions contract. This number plus the applications which will be received by June 30, 1961, represent the current demand for which the authorization is requested.

The status of the program and the basis for estimating that the balance of the 1949 authorization of \$336 million will provide approximately 100,000 units are set forth in the table below.

Classification	Dwelling units	Estimated commitment
1. Units under annual contributions contracts Mar. 31, 1961.....	577, 448	\$243, 797, 379
2. Balance of units authorized and estimated to be placed under annual contributions contracts by June 30, 1961.....	19, 897	¹ 13, 537, 919
3. Total authorized program.....	597, 345	257, 335, 298
4. Estimated authorization for additional subsidy of \$120 a year for the elderly.....		10, 624, 702
5. Estimated additional number of units that could be authorized within the \$336,000,000 per annum limitation established by the Housing Act of 1949.....	² 100, 000	68, 040, 000
6. Total numbers of units which can be provided within the \$336,000,000 per annum limitation.....	97, 345	336, 000, 000

¹ This estimated amount of fixed annual contributions is projected by assuming: 40-year new LHA bonds, at 3¾ percent interest per annum and estimated average development cost of \$14,000 per dwelling unit, which would require an annual contribution of \$680.40.

² Number of units estimated as indicated in footnote 1.

This section would also amend the State limitations for annual contributions under this program from 15 percent of the total authorization to 15 percent of the uncommitted authorization on the date of enactment of the Housing Act of 1961. According to PHA estimates, the uncommitted authorization on July 1, 1961, will be about \$57 million. Fifteen percent of this amount would be approximately \$8.5 million, which would be adequate to finance approximately 10,000 units in the high-cost States. Under the new limitation, the maximum number of new units which could be contracted for in any one State after enactment of this bill could not exceed approximately 10,000 in high-cost States and up to about 13,000 in the low-cost States.

Greater local responsibility for admission policies

Section 206 would create greater flexibility in the public housing program by requiring greater responsibility for administering the program at the local level. Existing law contains very detailed and complicated orders of preferences and eligibility to be applied among the low-income families. It is impossible to establish rigid nationwide orders of this kind which will meet all local circumstances.

Local housing authorities have had many years of experience under these Federal requirements and should be relied upon to be competent and fair; and there is no question that they are in a much better position than the Federal Government to ascertain the myriad factors that may be involved in a particular situation and to determine their proper weight. Section 206 of the bill would continue to require local housing authorities to establish admission policies with full consideration to their governmental responsibility for the rehousing of those displaced by urban renewal or other governmental action, and to the other special categories presently in the Federal law: veterans and servicemen and their families and widows, the elderly and disabled, those living in slums, those most urgently in need of rehousing, and families on relief. It would, however, give localities greater flexibility in shaping these admission policies in such a way as to best meet their own particular local problems. With the continuance of the favorable 5-percent gap for the displaced (as against the 20-percent gap for others), those displaced from slums will continue to be especially preferred under the Federal law.

This section would also make provision for special circumstances under which a particular family may have income exceeding the limits for continued occupancy but is unable to find decent housing within its financial reach although it is making every reasonable effort to do so. In these circumstances, the local housing authority would be permitted to allow the family to remain in the project for the duration of such a situation provided the family pays a rent consistent with its income. The authorization is needed to relieve the hardship that sometimes occurs when a family has bettered itself to the extent that its income exceeds the continued occupancy limits, but is still insufficient to obtain decent private housing, as in the case of a large family or one which needs special physical amenities. In these cases the family would be forced back into the slums or be forced to use a disproportionate amount of its income for rent. It is recognized that a hard choice must be made between such a family, which has already received the benefits of low-rent housing, and another waiting to be admitted, but it would be desirable to enable the local housing agency to weigh the cases rather than bar their consideration by Federal fiat. This power would, of course, not be exercised where State or local law bars occupancy by overincome families under any circumstances or where the occupancy would endanger the tax-exempt status of the project.

Demonstration programs

Section 207 would provide \$10 million by appropriation acts to carry out demonstration programs to develop new methods of improving the operation of the low-rent public housing program. It has been recognized for some years that an all-out effort should be made to determine whether there are ways by which the present methods of bettering the housing conditions and environment of low income families can be improved and if other methods can be developed. A number of interesting possibilities have been developed and advanced. However, there is little prospect that any of the ideas which have already been developed, or any that may be, will be given the opportunity of meeting the test of actual performance unless some Federal financial incentive is provided. Section 207 of the bill pro-

poses that the Public Housing Administration be given the necessary discretionary authority to make grants to explore and demonstrate the effectiveness and feasibility of any new or untried ideas. Appropriations aggregating \$10 million would be authorized.

Since it is contemplated that many of the projects to be undertaken will, if they prove to be worthwhile, require changes in Federal or State laws, the authorization provides the necessary discretion to use the existing tools of the Federal law with permission to waive any restrictions that would impede carrying out the purposes of the section. For the same reason authority is provided to utilize any type of instrumentality, public or private, so that local statutory restrictions will not interfere.

Although it is assumed that additional ideas will be engendered and proposed as a result of this authorization, and these will be welcomed and solicited, a number already proposed and discussed can be the subject of demonstration projects now. Some examples (without regard to the order of their importance) are:

1. Grants to local agencies to test the use of direct subsidies by way of payments to low-income families with which they will obtain standard housing or to landlords who will agree to house low-income families in standard housing (rent certificates).

2. Demonstration of programs to meet the special needs of the elderly including design of space and equipment and study of reaction of elderly tenants to the special facilities and their actual use.

3. Demonstration of the feasibility and desirability of sale of public housing units to low-income tenants who are financially able to buy.

4. Demonstration of the feasibility of helping families which have the ability to provide much of the labor of constructing their own housing. Similar demonstrations with respect to greater encouragement of maintenance by tenants.

5. Grants to local housing agencies for services to families in public housing which have serious social problems, especially families displaced by governmental action having difficulties in adjusting to a normal community environment.

6. Demonstration of the desirability, feasibility, and type of low-rent housing for nonelderly low-income single persons presently not eligible for public housing.

This section would also repeal an obsolete "grant" program for low-rent housing. It was included in the original 1937 act as an alternate method of providing Federal assistance, but has never been utilized by the localities.

Increased cost limits for units for elderly

Section 208 would increase the limitation on room cost for low-rent housing designed specially for the elderly from \$2,500 to \$3,000.

This increase is required because high costs in some areas have hampered local housing authorities particularly in programing and designing efficiency-type dwelling units for the elderly. In efficiency-type units, all the necessary amenities have to be concentrated in a lesser number of rooms, resulting in a higher per room cost. As in the past, the higher limit would apply to new construction or to remodeled housing designed specifically for the elderly.

This section would also permit capital donations and other non-Federal aid and additions to a project without the amount being charged against the room-cost limitation, and would exclude that portion of the project which is attributable to such non-Federal supplementation from the requirement that the project be tax exempt. (Donations are presently excluded from the base on which annual contributions are contracted for. Since the Federal Government would not be contributing annual contribution subsidies on the basis of such outside capital donations or other supplementations to the project, the local tax exemption subsidy should not be required and payments in lieu of taxes would not be made with respect to the taxed portion.)

This section would also increase the limitation on room costs from \$2,500 to \$3,000 for low-rent projects built in Alaska. The committee is advised that the State of Alaska finds itself in a unique position in connection with housing construction costs. Numerous and detailed studies, which have been made, show that housing construction costs in Alaska are as much as 50 percent higher than in other high-cost areas. Numerous factors contribute to this situation. For example, all manufactured building supplies must be imported. The high cost of transportation, the short building season, and the high costs of labor caused by high living costs, as well as the rigid structural requirements due to the severe climatic conditions, also are contributing factors.

TITLE III.—URBAN RENEWAL AND PLANNING

URBAN RENEWAL

Pooling grants-in-aid between projects within communities

Section 301 would permit the pooling of the local noncash grant-in-aid credits earned in urban renewal projects assisted under both the two-thirds and three-fourths formulas for Federal grants. It would also permit pooling of such grant-in-aid credits earned by two or more local public agencies in projects within the same municipality. For example, all grant-in-aid credits for projects undertaken within the city of Chicago could be pooled, whether the projects were undertaken by the Chicago Land Clearance Commission or the Community Conservation Board of Chicago.

Existing law permits a local public agency to receive credits for contributions that are in excess of the required local share for one project and apply these credits against the local contribution required for another project. But the statute permits localities to pool local grants-in-aid in this fashion only for projects that are executed on the same Federal-local sharing formula.

A locality is now permitted to obtain a three-fourths Federal grant instead of the usual two-thirds grant, if the locality is willing to assume the cost of planning, legal services, and administrative overhead. The adoption of this section should encourage more localities to adopt the alternative three-fourths capital grant formula, which reduces Federal supervision and paperwork that now add to the Government's administrative costs.

The adoption of this amendment should not materially affect the overall cost of providing capital grants under the urban renewal program.

Incontestable Federal obligations in private financing of projects

Section 302 would expressly authorize the Housing Administrator to pledge the full faith and credit of the Federal Government as security for private loans to a local public agency now secured by the Federal urban renewal loan contract. This pledge would be incontestable in the hands of the bearer and would assure prompt assurance of payment without regard to certain technical and procedural questions.

Under existing law the Federal loan contract may be pledged as security for the repayment of private loans made by the local public agency. Private loans are encouraged in place of Federal loans when private funds are available at lower interest rates than that provided in the Federal contract. At the present time, more than \$600 million of temporary loans sold on the private market are outstanding. Private lenders are willing to make these loans in reliance on the availability of Federal loan funds if and when needed.

The proposed amendment is designed to remove any doubt by local bond companies as to the Federal Government's obligations under the loan agreement. It would make it clear that the full faith and credit of the United States is pledged to the payment of all amounts agreed to be paid by the Administrator under the private loan agreement. Thus, without materially increasing the obligations of the Federal Government, there should be a resultant improvement of the marketability of such bonds and some corresponding decrease in interest rate costs:

Capital grant authorization

Section 303 would increase the capital grant authorization for urban renewal by \$2.5 billion, from \$2 billion to \$4.5 billion. The capital grant fund is used by the Federal Government to make grants to local communities to assist them in the elimination of slums and blight and to aid in their redevelopment. The program, established by title I of the Housing Act of 1949, is an effective Federal-local partnership to carry out the purposes of the act. The Federal Government extends financial assistance in the form of loans, advances, and capital grants to local agencies responsible for carrying out the urban renewal programs. The grant provided by the Federal Government is used to pay two-thirds of the net cost of carrying out a project. The other one-third is paid by the local government. In some instances, the Federal grant is increased to three-fourths under a plan in which the local government, in addition to paying the other one-fourth, bears the full cost of local planning and administrative overhead. The principal cost in carrying out an urban renewal project results from the difference between the cost of acquiring land in urban renewal areas and the selling of that land after clearance at a write-down price. Other costs involve the cost of surveys, planning, clearing the land, relocating the families or business establishments, plus administration and overhead expenses.

As of April 30, 1961, approximately \$1,979 million of capital grant authority had been reserved for 895 projects in 482 communities. The table below shows the activity of this program over the last 6 years. Also shown is the status of the capital grant fund and the balance available for future capital grants as of April 30, 1961.

Capital grant activity over last 5 years

[In millions]

Fiscal year	Amount reserved	Amount disbursed
1956.....	\$212.3	\$13.6
1957.....	237.8	29.6
1958.....	300.0	35.2
1959.....	118.1	75.5
1960.....	330.4	104.3
1961 (1st 10 months).....	334.9	106.8
Cumulative from 1949 through Apr. 30, 1961.....	1,979.0	417.8

Status of capital grant fund

Amount authorized by Congress.....	\$2,000,000,000
Reserved for projects by Urban Renewal Administrator.....	1,978,965,759
Balance as of Apr. 30, 1961.....	21,034,241

In order to determine the amount of additional capital grant authorization that would be required to continue the program, the committee took into account the statements submitted by the HHFA that, by the end of June 1961, the backlog of applications would amount to \$450 million, and that approximately \$600 million of applications are expected for each year during the next 4 years. The estimate of \$2.5 billion is based on these projected needs. The Agency justified its estimate of \$600 million per year over the next 4 years by referring to the increased activity in the program in recent months. It also referred to the needs of this fund to take care of the provision in the recently passed depressed area legislation which would permit the use of urban renewal funds for the redevelopment of nonresidential property in depressed areas. Increased demand is also expected in consequence of the growing interest in urban renewal by universities and colleges. In addition, two provisions of the 1961 legislation would further require the use of urban renewal grants, the provision which encourages urban hospitals to take advantage of the urban renewal program to expand their facilities in the environs of the hospital, and a provision which would permit a larger use of urban renewal funds for redevelopment of nonresidential areas.

The table below shows that about \$450 million of applications are expected to be on hand as of June 30, 1961. The normal workload of applications on hand is estimated at about \$250 million which, if subtracted from the \$450 million, would leave about \$200 million as a realistic estimate of the backlog. The Agency states that applications in recent months have come in at the rate of \$65 million in gross amounts per month. Applying a discount for normal adjustments averaging 20 to 30 percent would leave an estimated yearly requirement consistent with the Agency's estimate of \$600 million capital grant fund requirement per year for the next 4 years.

Use of grant authority, fiscal year 1961

	<i>Millions</i>
Authority on hand, June 30, 1960-----	\$55. 9
New authority, July 1, 1960-----	300. 0
Available authority for fiscal year 1961-----	355. 9
Net use of funds through Apr. 30, 1961-----	334. 9
Unused balance Apr. 30, 1961-----	21. 0
Applications on hand as of Apr. 30, 1961-----	318. 7
Additional requirements expected by June 30, 1961-----	131. 3
Backlog expected by June 30, 1961-----	450. 0

This section would also authorize the Housing Administrator to use up to \$50 million of the capital grant authorization for financing a new program of grants for mass transportation demonstration projects. Although such projects would not be a part of the urban renewal program itself, solution of the mass transportation problems of our cities would help perhaps more than any other single factor both to reduce urban deterioration and to assist urban renewal and rehabilitation. Use of urban renewal authorization for such a closely related purpose would therefore seem justified.

The Housing Administrator could contract to make grants, limited to two-thirds of the estimated cost, for demonstration projects which he determined would contribute significantly to the development of information on the reduction of urban transportation needs, the improvement of mass transportation service, and the contribution of such service toward meeting total urban transportation needs at minimum cost. For the most part it is intended that these grants be used for operational studies and experiments to assist in mass transportation planning. For example, grants could be made to help determine the effect upon the cost and utilization of mass transportation if service frequency or speed were increased or transfer privileges made available. Experiments in routing and other regulation of highway traffic would also be eligible.

However, it is not intended that the grants be used to test the effect, for example, of extensive additional parking facilities or to make other changes in service which would involve more than "pilot" use of new facilities or equipment. Other such projects would more properly be financed through the program of Federal loans for facilities and equipment which is also contained in this bill.

Relocation payments

Section 304 would remove the ceiling on relocation payments to families and to business establishments provided all amounts in excess of \$200 for families and \$3,000 for businesses, the maximum amounts under existing law, are included in gross project costs and shared two-thirds by the Federal Government and one-third by the localities. Amounts up to the maximum under existing law would continue to be paid out of Federal funds.

Relocation payments have been paid by the Federal Government since 1956. These payments may be made to individuals, families, and business concerns for their reasonable and necessary moving expenses and any actual direct losses of property, except goodwill or profit, resulting from their displacement from an urban renewal area caused by governmental action.

According to testimony presented to the committee, there have been a number of hardship cases for which the maximum ceiling was not adequate to compensate families and business concerns for the full expenses incurred by being forced to move. These cases do not occur very frequently but, in order to take care of the few that do occur, it seems equitable to permit the local public agency to compensate such persons and concerns for their full expenses, provided the locality agrees to share part of these expenses.

This section would also clarify existing law to make displaced non-profit organizations eligible for relocation payments under the same terms as business concerns.

The amendment would make a clarifying change in the provision of existing law that permits local agencies to set fixed payments of up to \$200 for all relocated individuals or families. The change would make it clear that fixed payments are in lieu of both "reasonable and necessary moving expenses" and "direct losses of property."

Financial assistance for displaced business concerns

Section 305 would provide additional financial assistance for business concerns displaced through urban renewal activity. Section 7(b) of the Small Business Act would be amended to permit loans to be made to any small business concern displaced by urban renewal activity, which concern may have suffered substantial economic injury as a result of its displacement by an urban renewal project.

Under existing law, business concerns displaced by urban renewal activity are reimbursed only for their necessary moving expenses and for any direct loss of property resulting from the displacement. No allowance is made for loss of goodwill or profit or other business losses sustained by the firm because of its displacement.

In view of the serious losses that many small businesses undergo when displaced from an urban renewal area, it is believed only equitable that these concerns have an opportunity to borrow funds from the Federal Government under the same terms as a small business affected by a catastrophe. Such loans may be made for periods not exceeding 20 years and for interest rates not exceeding 3 percent per annum. Participating loans with banks or other lending institutions also may be permitted in which the Federal Government's share of the loan would be limited to an interest rate of 3 percent per annum.

The committee recognizes that additional authorization may be necessary to finance the new requirements imposed upon the Small Business Administration by this section of the bill for both administration of the program and for the loanable funds. The committee expects that adequate additional funds will be made available to take care of the requirements under this section.

State limitation

Section 307 would increase by \$50 million, the capital grant reserve fund for States which exceed the statutory 12½ percent maximum. The purpose of this fund, now established at \$100 million, is to provide some flexibility in the 12½-percent limit per State. The reserve fund acts as a cushion to avoid any hardship on a particular community which may be located in a State having reserves exceeding the statutory maximum. At the present time, this maximum is \$250 million (12½ percent of \$2 billion). If the full capital grant authority proposed by this bill is approved, the State limitation would be

further increased by about \$312 million which would restore the full \$100 million to the reserve fund and temporarily remove the problem.

Communities in New York State have outstanding contracts totaling \$292.6 million as of April 30, 1961, which amounts to \$42.7 million above the 12½-percent statutory State ceiling. The State of Pennsylvania has about \$258 million in outstanding contracts, which amounts to \$8 million above the statutory State ceiling. According to information submitted to the committee, there is some concern that applications from New York State communities, expected to be filed in the future, would exhaust the full amount of the reserve fund.

The committee believes that this reserve fund should be increased by \$50 million to avoid any hardship to any particular community in that State or any other State which might find itself in a similar position. This action does not increase the total grant authorization.

Resale of property in urban renewal areas for housing moderate income families

Section 308 would permit property in an urban renewal project to be sold or leased to (1) a limited dividend corporation, nonprofit corporation or association, cooperative, or public body or agency, or (2) a private developer (other than in (1) above) committed to an FHA-insured section 221 project on the site, at a price which would facilitate occupancy by medium income groups in new or rehabilitated rental or cooperative housing. Existing law requires property in an urban renewal area to be sold at its fair value to apply to such land acquired prior to September 23, 1959. The Housing Act of 1959, enacted on September 23, 1959, provided for the plan. Therefore, the price is usually based on a normal market transaction. Interested developers (as well as FHA) and land appraisers cast the market price in terms of the highest level of use in accordance with the renewal plan.

The bill would permit land prices to be set, not in terms of the highest possible market, but in terms of a specific market which is not being well served in the community as a whole—housing for families of moderate income for whom adequate rental accommodations are not available in sufficient quantity, but whose income excludes them from public housing.

This program is thought of, in its initial phases, as experimental. Each case would require the Administrator's approval. Controls would have to be adequate to assure that any rental project would serve the market for which the program is devised. As experience is gained, this instrument could be used most efficiently and economically to serve those who may be priced out of the housing market at any particular time.

This section would also amend existing law to permit the sale, at a reduced cost, of urban renewal property for public housing purposes to apply to such land acquired prior to September 23, 1959. The Housing Act of 1959, enacted on September 23, 1959, provided for the sale of such land at a price equal to the fair market value of the land to a private redeveloper for low-cost rental housing. The local contribution would be no greater than for a public housing site located outside the urban renewal area. The effect of the 1959 amendment was to provide 100-percent Federal aid for the acquisition of a public housing site in urban renewal areas. The proposed amendment would

make the 1959 amendment applicable to property acquired as part of an urban renewal project prior to the 1959 act.

Rehabilitation

Section 308 would permit local public agencies to carry out rehabilitation demonstrations in urban renewal projects. It would enable local public agencies to acquire properties, improve them, and sell them to private owners. The cost of such demonstrations would be included in the net project cost which is borne two-thirds by the Federal Government and one-third by the locality.

This provision in the bill is designed to allow maximum flexibility for demonstration and experiment. Local agencies could use this authority to demonstrate the kinds of rehabilitation practicable for any area or for certain kinds of properties. Local authorities could use demonstration houses as laboratories in which other property owners could be shown "how to do it." Experimentation, in efficient uses of labor in rehabilitation, and mass facility purchasing could go far in the stimulation and development of a rehabilitation industry, on both a large scale and job-by-job basis. Finally, there is nothing like actual, priced examples of what can be done to stimulate property owners to undertake rehabilitation on a voluntary basis. When property owners can see a grouping of homes and related facilities that have been rehabilitated they can best visualize what can be done for their entire neighborhood.

Increase in nonresidential exception

Section 309 would permit 30 percent instead of 20 percent of urban renewal grant authority to be used for the renewal of areas not filling the predominantly residential requirement of the law.

Urban renewal project areas presently are required to be "predominantly residential" in character either before or after renewal, except that 20 percent of available urban renewal grant funds may be devoted to projects without regard to this requirement. In addition, exceptions to the requirement are provided for disaster areas and for certain projects in the vicinity of colleges or universities. Another exception is to be found in the recently enacted Area Redevelopment Act (Public Law 87-27), to stimulate industrial and commercial development in depressed areas.

Originally, the Housing Act of 1949 made no provision for such exceptions, as urban renewal was regarded almost solely as a tool for the removal of slums and the provision of good residential neighborhoods. Over the years, however, it became clear that the construction of good neighborhoods was intimately tied to the economic health of the community. The revitalization of industrial, commercial, and downtown areas so as to attract job-creating private investment was realized as a necessary goal to which urban renewal could make a substantial contribution. Consequently, a 10-percent exception to the "predominantly residential" requirement was put into the Housing Act of 1954, and this was raised to 20 percent in the Housing Act of 1959. Under existing law this amounts to \$313.6 million. Practically all of this has been committed at this time.

With growing attention to the needs for downtown renewal, it appears necessary to increase the exception to provide for a greater number of projects of this type. The economic, institutional, and cultural bases of community life are increasingly recognized as neces-

sary to the creation and continuing existence of good homes in sound urban neighborhoods.

Urban renewal projects involving colleges, universities, or hospitals

Section 310 rewrites section 112 of the Housing Act of 1949, which section was added by the Housing Act of 1959, to provide special benefits for urban renewal projects that are undertaken in connection with urban colleges and universities, and makes six substantive amendments. Under existing law, section 112 permits waiver of the predominantly residential requirement in such projects and also permits, as a noncash grant-in-aid, credit for expenditures made by the universities for the acquisition and clearance of property within or in the environs of the urban renewal projects.

The first amendment would permit the same benefit to hospitals as is provided under existing law to educational institutions. Many hospitals located in the central sections of cities are surrounded by blighted property. In order to expand, hospitals should have the same opportunity to benefit from the urban renewal techniques as educational institutions.

The second amendment would redefine the 5-year period in which expenditures by universities or hospitals may count as a noncash grant-in-aid credit as the 5 years prior to date of application rather than prior to date of project approval as under existing law.

The other four amendments clarify existing law regarding noncash grant-in-aid credit for expenditures made by universities or hospitals. Such credit would include:

(1) expenditures by a State public authority in acquiring property for lease to an educational institution or hospital;

(2) expenditures by an educational institution or hospital acting through a municipal or other public corporation, as well as through a private redevelopment corporation;

(3) expenditures for property acquired by an institution from a local public agency except where the local agency has received a Federal grant in connection with the property being sold to the institution; and

(4) expenditures made by an institution in the relocating of owners and tenants displaced from buildings which are to be rehabilitated. Existing law applies only to relocation expenditures relating to buildings to be demolished.

URBAN PLANNING

Planning assistance

Section 311 of the bill would change the urban planning grant program (sec. 701 of the Housing Act of 1954) to (1) increase the Federal share of costs of planning activities undertaken under that program from one-half to two-thirds, (2) increase the authorization for appropriations for grants from \$20 million to \$100 million, (3) clarify eligibility of transportation planning for assistance, and (4) facilitate interstate planning for metropolitan areas and other urban areas crossing state boundaries.

1. The increase in the Federal share from one-half to two-thirds would enable States to give broader assistance to planning in smaller communities and would stimulate metropolitan planning. The Housing Act of 1954 recognizes the need for State operations on

behalf of smaller communities in the resolution of development problems and the need, in larger urban areas, for an attack on such problems on a State, regional or metropolitan basis. An increase in the Federal share in the urban planning assistance program would facilitate such actions. The program was originally developed in part in recognition of the fact that local funds for planning are hardest to obtain in smaller cities and for areawide planning activities.

This increase is also designed to facilitate the coordination of highway planning and general urban planning by bringing the Federal share of costs of the latter closer to the level provided for highway planning.

2. The increase in the Federal share will in itself, of course, require some increase in authorization. However, heavily increased demands for planning assistance are expected to derive from several other sources, which will constitute the major need for increased authorization. These sources are:

(a) The broadened program under the Housing Act of 1959, providing assistance to communities with populations up to 50,000 (from a former 25,000 limit) to groups of adjacent small communities, to counties under 50,000 in population, and to States for State and interstate comprehensive planning. There has been an increasing participation and interest on the part of these newly eligible communities, counties, and States.

(b) The recent agreement between the Housing Agency and the Department of Commerce to jointly assist coordinated highway and general planning activities, particularly in urban areas. Although this is regarded as experimental, wide expressions of interest have been received from all over the country. The costs of these large-scale projects are expected to be substantially higher than those of typical section 701 projects.

(c) Increasing attention to the general planning aspects of mass transportation development in metropolitan areas. This type of planning is now possible under the present law if sufficient funds are available.

(d) Proposals for programs of assistance to depressed areas extending urban planning assistance to communities in such areas regardless of population.

Assurance of adequate funds will enable States to establish assistance programs for smaller communities on a more systematic basis and will permit metropolitan agencies to increase the scope and intensity of their planning activities. The uncertain availability of Federal funds in the past has been an inhibiting factor on such activities. Thus far, \$16.4 million has been appropriated of the presently authorized \$20 million.

3. Several amendments would be made to section 701 to make it clear that the planning assisted by the Housing Administrator under that section may include mass transportation planning. Eligible planning would specifically include, but not be limited to, the preparation of surveys to determine the need for mass transportation and of plans for the development of comprehensive and coordinated mass transportation systems.

It would be specified that the section 701 program authority is in addition to and not in derogation of the authority of the Secretary of Commerce to make funds available for highway planning, surveys,

and investigations, or of other such authority in connection with federally aided programs.

4. Blanket authorization for compacts between States for planning activities assisted by this program is to provide assurance to States that the constitutional prohibition on interstate compacts is not violated by agreements between States to engage in joint planning activities. It would relieve the States of having to obtain congressional consent for each such joint planning activity contemplated over a period of time. This blanket authorization would not, of course, run to other joint undertakings between States that might require congressional approval.

At the present time there are 215 standard metropolitan statistical areas of which 22 extend beyond a single State. There are, in addition, a variety of lesser urban areas lying across State lines which should be planned as entities. This general authorization for interstate planning will permit and encourage interstate planning activities eligible to be assisted under the urban planning assistance program.

Historical site in urban renewal area

Section 312 would permit the Knoxville Housing Authority of Knoxville, Tenn., to donate a tract of land, approximately 1 acre in area, in the urban renewal project known as the Riverfront-Willow Street redevelopment project to the James White's Fort Association. This section further provides that in order to obtain this donation, the Association must give assurances to the Knoxville Housing Authority that it will reconstruct James White's cabin and fort and will develop, preserve, and operate the property donated on a nonprofit basis as a historical site or monument.

The committee was advised that James White was an early pioneer and migrated to the territory which is now the State of Tennessee in 1786. He settled upon land which is now the site of the city of Knoxville. He was given a grant to the land upon which he settled, by the State of North Carolina, and later agreed to sell the necessary ground upon which the State Capitol of Tennessee was constructed.

Citizens of the city of Knoxville, as well as citizens of the State of Tennessee, have petitioned for a donation of a 1-acre tract within the Riverfront-Willow Street urban renewal project on which to reconstruct a replica of James White's cabin and fort, so that the site may be preserved for historical purposes. The committee believes that this donation of land is reasonable and in the general public interest.

Credit for cost of school construction

Section 313 of the bill would permit the cost of construction of a certain school in an urban renewal project located in Roanoke, Va., to be counted as a local contribution.

Several years ago the city of Roanoke undertook an urban renewal project which, when completed, would have been predominantly residential in character. Concurrently, the city undertook to construct a school in the urban renewal project area which would serve families living in the project area when completed. Under such circumstances, existing law permits a part of the school construction cost to be counted as a local contribution toward the net cost of the urban renewal project. However, at some period subsequent to the time when the construction of the school was commenced, a highway was planned and constructed through the middle of the urban renewal

project, thereby effectively changing the character of the area to predominantly commercial. Such a change in plan obviated the necessity for a school in the area and credit for the cost of the school's construction was lost to the city.

Since the city did not initially plan to have a highway run through the urban renewal area and consequently relied on the cost of the school construction as a local contribution, the loss of such credit appears to work an undue hardship on the city. The committee does not believe that the city should now lose this credit as a local contribution.

Technical amendments

Section 314 would make three technical amendments to the Housing Act of 1949 to (1) make it clear that the workable program requirement relates to "workable programs for community improvement"; (2) make existing law clear that early land acquisition loans for acquisition and demolition of property may cover administrative relocation, and other costs related to the demolition and removal of structures acquired with the loan (sec. 314(b)); and (3) eliminate the word "initial" as applied to a lease in the definition of an urban renewal project to make it clear that a local public agency has the power to make a subsequent lease if there is a default on the initial lease.

TITLE IV—COLLEGE HOUSING, COMMUNITY FACILITIES, AND MASS TRANSPORTATION

COLLEGE HOUSING

Loan authorization

Section 401(a) would provide for an immediate increase of \$100 million for fiscal year 1961, and increases of \$250 million beginning on July 1 of each of the 5 years 1961 through 1965 in the college housing loan authorization. In addition, the bill would increase the two separate limitations on the amount of Federal loans which can be outstanding for "other educational facilities" (including dining halls, student centers, and other similar facilities) and for student nurses and intern housing by \$25 million respectively on July 1 of the years 1961 through 1965.

Title IV of the Housing Act of 1950 authorizes the Housing Administrator to make loans to institutions of higher learning to provide housing and related service facilities for students and faculty, and to hospitals for intern and student nurses housing, where such assistance is not otherwise available on equally favorable terms. The loans may extend for a period of 50 years and bear interest at a rate equal to the average interest rate on the entire Treasury debt, plus one-quarter percent. For the fiscal year ending June 30, 1961, this rate is 3½ percent. In practice, maximum maturities have been held to 40 years.

On May 1, 1961, the revolving fund authorization for the college housing program totaled \$1,675 million with ceilings of \$100 million for hospitals and \$175 million for "other educational facilities." Through the end of April 1961, a total of 1,317 loans aggregating \$1,301 billion have been approved under this program. As of that date, there were 308 applications aggregating \$356,041,000 for which loan funds had been reserved, bringing the total funds committed

to over \$1.6 billion. Allowing for repayments and readjustments in final applications, the uncommitted balance of the college housing fund amounted to \$42 million on April 30, 1961. On that date, there were approximately 53 applications, aggregating about \$52.8 million in regional offices for which a reservation of funds has not been made.

To date, funds committed under the program provide assistance for about 1,550 projects, including housing accommodations for about 380,000 students and faculty (including student nurses and interns) and also about 500 related facilities such as student unions, dining halls and health centers. There have been no defaults under the program in payment of principal and interest.

Taking into account an expected increase of college enrollments from 3.6 million in 1960 to over 6 million in 1970, and assuming that about 25 percent of the increased enrollment will require college housing accommodations costing about \$4,700 per student, the committee is informed that the estimated total college housing needs during the coming decade will amount to about \$4 billion. About 75 percent of this amount, or \$3 billion, is likely to be obtained from sources other than the Federal Government such as private lenders and endowments.

The committee believes that the increases in the college housing authorization as provided in the bill would give institutions of higher learning assurance that higher loan funds would be available during the next 5 years to permit them to plan their housing construction programs to meet the expected increase of students.

State limitation

Section 401(b) would increase the total amount of loans available in any one State from 10 to 12½ percent of the total loan authority. On April 30, 1961, the maximum amount of loans that could be made to colleges in any one State could not exceed \$167.5 million; that is, 10 percent of the loan authorization.

The table below shows the status, as of April 30, 1961, of the amount of college housing loans outstanding in the five States where the program has been used most extensively.

[In millions]

State	Dormitory and other educational facility loans	Student- nurse and intern hous- ing	Total
New York.....	\$129.3	\$5.7	\$135.0
California.....	82.6	.2	82.6
Texas.....	81.5	.4	81.9
Pennsylvania.....	62.8	3.0	65.9
Illinois.....	70.8	2.3	73.1

While the table shows that only the State of New York approaches the limit in the present statute, representations have been made to the committee which indicate that college officials of the other States cited above are beginning to be concerned by the present State limitation of 10 percent.

The States of New York and California have an unusually large college population. The committee was advised that the States of California and New York have over 22 percent of all college students in the Nation. The committee believes that college housing loans

should be made where they are needed, and further believes that if the program is to serve the States which have the largest population of college students, the limitation on the amount of loans made in any one State should be increased to 12½ percent.

COMMUNITY FACILITIES AND MASS TRANSPORTATION

Public facility and mass transportation loans

Section 402 of the bill would increase the public facility loan authorization under title II of the Housing Amendments of 1955 from \$150 million to \$300 million. Under the law, the Housing Administrator is authorized to purchase the obligations of municipalities or other local government units to finance essential public works where such financial assistance is not otherwise available on reasonable terms. Loans may be made for periods up to 40 years at an interest rate set by the Administrator.

Fifty million dollars of the new authorization would be available for the present public facility loan program. From the beginning of this program through February 1961, a total of 358 applications for \$106 million had been approved. Fifty-two of these, for \$16 million, were later rescinded, mainly because private financing was obtained, so that the net approvals totaled 306, for \$90 million. On February 2, in response to the President's antirecession program, certain administrative restrictions pertaining to size of borrower and type of project were lifted, and the interest rates were lowered by one-fourth of 1 percent. During the first half of March some \$23 million of applications have been received so that the amount of applications in the pipeline totals about \$33 million.

The other \$100 million of the new authorization would be reserved for a new program of mass transportation loans. The public facility loan provisions in title II of the Housing Amendments of 1955 would be amended to authorize the Housing Administrator to make up to \$100 million of loans to State or local public bodies for the acquisition, construction, reconstruction, and improvement of facilities and equipment for use in mass transportation service in urban areas. The facilities and equipment could include land, except public highways, and any other real or personal property needed for an economic, efficient, and coordinated mass transportation system. The public body receiving the loan could operate the system itself or arrange for other public or private operation.

The funds for these loans would be borrowed from the Treasury at an interest rate on all interest-bearing obligations of the United States then forming a part of the public debt. This is the same formula used in the college housing loan program and presently results in a borrowing rate of 3½ percent.

Only a metropolitan or urban area having or actively developing a positive program for the development of a comprehensive and coordinated mass transportation system would be eligible for a loan under this program. After 3 years from the date of enactment of this bill, no community would be eligible for a loan under this program unless it had completed its development of a positive program and the loan would be used for a project which is to be a part of such a program.

This committee believes that effective transportation systems can be developed only in communities with sound and comprehensive areawide transportation plans and with financing, developmental, operating, and regulatory authority adequate to carry out such plans. Such local plans and authority must be provided as quickly as possible of Federal assistance to mass transportation is not to be spent futilely or even harmfully. Unless our cities and metropolitan areas develop and abide by comprehensive and coordinated mass-transportation plans, they may waste both their own and Federal funds installing the wrong type of transportation facilities in the wrong places at the wrong times. Incorrectly planned mass-transportation facilities, too, can blight nearby residential or commercial neighborhoods and serve to expedite suburban sprawl and mislocation.

On the other hand, there are many cities which are in need of immediate assistance, often, for example, for repair and improvement of existing mass-transportation facilities. At the present time these cities may not have completed local areawide transportation plans or provided the necessary operating and financing authority. This bill would allow immediate aid to such cities which are doing everything possible to perfect transportation programs.

Other sections of the bill would reserve \$50 million of the urban renewal capital grant authorization for the purpose of making grants for mass transportation demonstration projects and would extend the urban planning grant program (section 701) to include planning systems for mass transportation facilities in urban areas.

The need for Federal assistance in the mass transportation field was clearly stated during hearings held on this subject during the early part of this year. Many witnesses, including State executives, several mayors of large cities and many recognized transportation and planning experts, appeared and testified uniformly that there is an acute and increasing need for the Federal government to take the lead in coordinated planning and in offering financial assistance to localities in meeting this problem. It was developed in the testimony that an alarming number of small or middle-sized cities in the last few years have been forced to abandon their public transportation systems. Several large cities are unable to operate the systems with financial success because of the great influx of automobiles and inability to arrange adequate financing of modern facilities and equipment to service needed areas and to carry large volumes of passengers at peak hours of travel to and from central downtown areas.

The committee takes notice of the fact that other nations of the world have recognized this problem and have acted to provide modern subways or surface systems for their concentrated areas. This is true, for example, in Toronto, Canada; Rome and Milan, Italy; Paris, France; London, England; Hamburg and Berlin, Germany; Oslo, Norway; Stockholm, Sweden; Moscow, U.S.S.R.; and Melbourne, Australia. The rapid increase in our population and the problems of parking and traffic jams associated with automobiles makes this question one of America's major problems. The problem is one of research, coordinated planning, and assistance to localities.

The committee was impressed by the evidence given of the plight of the public and several of our major transportation systems regarding commuter problems. It was also impressed by the efforts made by

several large cities to meet this problem. One of the witnesses gave an able summary of the situation motivating this provision of the bill:

It is our belief that research in the field of urban mass transportation may lead to improved and more economical methods of constructing and operating facilities for the mass movement of people in congested areas.

We are not recommending that the Federal Government assume primary responsibility for solving the traffic congestion problem in the Nation's metropolitan areas. It is our opinion that this can be done adequately by the communities themselves, provided they are not thwarted in their efforts by inadequate financial support which would result if they must depend entirely upon local taxes and passenger fares for this purpose.

A system of balanced financing wherein the Federal Government, the States and local governments share in this responsibility will give greater assurance of success in solving the traffic congestion problem through the establishment of modern jet-age systems of urban mass transportation.

Advances for public works planning

Section 403 of the bill would increase the amount of advances that may be made to public agencies in any one State from 10 percent to 12½ percent of the revolving fund from which the advances are made. Some States are reaching the present limit and an increase is needed. For example, planning advances in Pennsylvania, after repayments, totaled \$3.8 million at the end of February.

Pursuant to section 702 of the Housing Act of 1954, the Housing Administrator is authorized to advance interest-free funds to States, municipalities, and other public agencies to help finance the cost of planning various public works. These advances become repayable in whole or in part when construction is started. The statute authorized a revolving fund of \$48 million, of which \$36 million has been appropriated. The President's budget for fiscal year 1962 includes a request for another \$12 million to be appropriated for this program.

Through the end of February 1961 a total of 1,679 applications for \$40.2 million have been approved under the program. The estimated cost of the projects aided by these public works planning advances totals \$2,446 million. As of February 28, 1,306 plans involving Federal advances of \$27.6 million have been completed and 441 advances for \$9.1 million have been repaid.

TITLE V—AMENDMENTS TO NATIONAL HOUSING ACT

FEDERAL NATIONAL MORTGAGE ASSOCIATION

Special assistance authorization

Under existing law, the President can authorize the Federal National Mortgage Association to purchase mortgages, up to \$950 million outstanding at any one time, of such special types and categories as he determines. Such purchases are then authorized under the FNMA special assistance functions which are financed, as a separate program, by borrowings from the Treasury. Section 501 of the bill would increase this maximum amount by \$750 million.

Under existing authority there now remains available some \$193 million for mortgage purchases and commitments. This \$193 million includes approximately \$106 million that the President has already allocated and which is available for future commitments. The proposed \$750 million increase as provided by the bill with the current \$193 million, aggregating \$943 million, would be available on the basis of need for the purchase of mortgages designated by the President for special assistance. The bill provides new FHA mortgage insurance programs which would be eligible for such assistance. These new programs include (1) the home improvement loans to be insured by the Commissioner of the FHA, and (2) the new types of FHA section 221 mortgages, particularly those section 221(d)(3) mortgages covering rental or cooperative housing for low- and moderate-income families, that would be provided by limited dividend corporations, nonprofit associations, cooperatives, or public bodies.

The following table reflects the cumulative activity and the amounts of authorized and available funds for the FNMA special assistance programs, which include, in addition to the authorization subject to Presidential discretion, amounts authorized by the Congress for direct use by FNMA for designated purposes. The programs under the \$950 million Presidential authority are presented in the top part of this table, and those under direct congressional authorizations in the lower part.

Federal National Mortgage Association—Special assistance functions

(Dollars in thousands)

Housing program	Amount authorized for program	Net contracts issued cumulative Mar. 23, 1961	Purchases cumulative Mar. 23, 1961	Contracts outstanding Mar. 23, 1961	Liquidations	Amount available authorization Mar. 23, 1961
Presidential authority (total amount authorized by law \$950,000,000):						
Disaster.....	\$10,000	\$864	\$864		\$46	\$9,182
Guam.....	7,500	280	199	\$81	5	7,225
Urban renewal.....	650,000	602,760	339,466	263,294	18,318	65,558
Alaska ¹	58,000	47,412	42,992	4,420	2,296	12,884
Wherry-defense.....	11,072	11,072	11,072		4,671	(2)
Elderly persons.....	130,000	122,456	55,998	66,458	3,712	11,256
Low cost.....	1,744	1,744	1,744		133	(2)
Total allocated.....	868,316	786,588	452,335	334,253	29,181	106,105
Unallocated.....	81,684					86,488
Total.....	950,000	786,588	452,335	334,253	29,181	192,593
Direct congressional authority (total amount authorized by law \$1,725,000,000):						
Armed services.....	500,000	464,892	461,572	3,320	34,313	69,421
Sec. 803.....	441,250	410,971	410,971		26,338	56,617
Sec. 809.....	58,750	53,921	50,601	3,320	7,975	12,804
Cooperative.....	225,000	235,156	166,478	68,678	13,859	3,703
Nonconsumer.....	150,000	160,377	143,740	16,637	12,586	2,209
Nonconsumer (Public Law 86-372).....	12,500	11,885	8,405	3,480	14	629
Consumer.....	50,000	50,740	14,333	36,407	1,259	519
Consumer (Public Law 86-372).....	12,500	12,154		12,154		346
Low and moderate.....	1,000,000	843,039	843,039		36,947	193,908
Total.....	1,725,000	1,543,087	1,471,089	71,998	85,119	267,032
Grand total.....	2,675,000	2,329,675	1,923,424	406,251	114,300	459,625

¹ Increased from \$48,000 to \$58,000 Mar. 24, 1961.

² Program terminated; liquidations transferred to unallocated funds.

Dollar limits on cooperative housing mortgages

Section 502 would except cooperative housing mortgages insured by FHA under section 213 of the National Housing Act, if they cover properties in urban renewal areas, from the existing statutory requirement that mortgages purchased by FNMA under its special assistance functions cannot exceed \$17,500 for each family residence or dwelling unit, or \$20,000 if purchased under its secondary market operations. FHA section 220 mortgages (urban renewal), section 803 mortgages (armed services), and all FHA-insured or VA-guaranteed mortgages on housing in Alaska, Guam, or Hawaii are already excepted from the dollar limit. The new exception would apply to FHA cooperative housing mortgages covering both sales type housing and multifamily management type housing in urban renewal areas. This would place cooperative housing in urban renewal areas on the same basis with respect to FNMA special assistance as FHA section 220 urban renewal housing.

FHA INSURANCE PROGRAMS

Extension of title I home repair and improvement program

Section 503(a) provides for a 2-year extension of the home repair and improvement program under title I of the National Housing Act. Under present law, the program is scheduled to expire on October 1, 1961.

Pursuant to this program, the FHA insures qualified lending institutions against loss within prescribed limits on loans made to finance alterations, repairs, and improvements in connection with existing structures and the building of new nonresidential structures. FHA's liability is limited to 10 percent of the total amount of all title I loans made by the particular insured lending institution. Also, under coinsurance provisions enacted in 1954, FHA's liability is limited to 90 percent of the loss on each individual loan.

Title I has now been in operation for some 26 years and during that time the program has demonstrated a basic soundness. Over 24 million loans aggregating some \$14 billion have been insured. About \$1.5 billion of these loans are now outstanding. Over 1 million loans were insured in 1960 in a total amount of about \$1 billion. Insurance losses during the life of the program have amounted to about 0.84 percent of the aggregate loan amounts, and premium income has been sufficient to cover both losses and FHA's operating expenses, and to provide adequate insurance reserves.

The home repair and improvement program was established by the original National Housing Act enacted in June 1934. The program has been extended from time to time, the latest extension being made by Public Law 86-788. Prior to this enactment, improvements to existing homes had proved difficult to finance except at very high interest rates. Real estate mortgage financing, on the one hand, is too cumbersome, slow, and expensive for the relatively small sums involved. Personal installment credit, on the other hand, does not adequately meet the credit needs in this field for a number of reasons. The items involved in a modernization job such as a new roof or a new bathroom, cannot be covered by a chattel mortgage. Also, manufacturers of the products used are not in a position to help provide the credit involved, partly because the many materials generally come from a number of different sources, and partly because, in

property repair and improvement work, the cost of labor at the site of the property being improved makes up a very large part of the total cost of the job. Finally, the people who do the repair work are very frequently self-employed artisans or small firms who are unable to extend credit. These inherent and continuing difficulties have been largely overcome by the FHA property repair and improvement program.

The program is also especially helpful in urban renewal and rehabilitation, as it encourages the repair and conservation of existing properties and the prevention of blight. This will be of increasing importance as more of our cities emphasize urban rehabilitation and code enforcement.

Under recent administrative rules, the FHA can now insure an institution making a loan for the purpose of installing or constructing fallout shelters within existing homes. This use of the program should be beneficial in carrying out survival aims as recommended by the Office of Civil and Defense Mobilization.

FHA general insurance authorization

Section 503 (b) and (c) of the bill would remove the present dollar ceiling on FHA's general mortgage insurance authorization and the existing law would be amended to provide that loans or mortgages, except certain programs which have their own time limitations, may be insured until October 1, 1965.

The previous dollar limitations on the general insurance authorization have proved to be inadequate from two standpoints. At certain times the volume of insurance written has increased over a short period to unprecedented and unanticipated amounts causing FHA either to exhaust its authorization or to ration commitments for insurance in order to stay within the dollar limits. At other times the dollar authorization has been more than adequate for a longer period of time than was anticipated. It has become extremely difficult to make even a rough approximation of the increased dollar authorization necessary to assure FHA operations over a fixed period. Because of the vast amount of outstanding FHA mortgage insurance, the "roll-over" resulting from mortgage payments covers a relatively large portion, and sometimes all of new insurance written. A relatively modest change in "rollover" accompanied by a change in volume of new insurance may result in a significant change in net insurance utilization.

Since the Congress has always limited the availability of FHA authorization, an extension of the FHA authority to write new insurance provided by the bill would be limited to 4 years. A time limit avoids the uncertainties inherent in a dollar limitation.

During the hearings several witnesses testified that placing an expiration date on the FHA's mortgage and loan insurance activities could be interpreted as an intent to eliminate the FHA altogether by October 1, 1965. These witnesses further stated that in view of this possible interpretation, many lenders and mortgage investors may be reluctant to plan for investment in FHA-insured mortgages and loans as the expiration date draws near.

The concern expressed by the witnesses is not shared by the committee as there is no intent, on the part of the committee, to eliminate the FHA nor to permit the expiration date to pass without granting further extensions. The committee feels that an expiration date on

the general insurance authorization is no different in principle or intent than the present dollar limitation on such authorizations. In the fall of 1958, the dollar limitation was, for all practical purposes, exceeded by the Commissioner when he entered into "agreements to insure" mortgages.

Subsequently, the FHA was prohibited from—

* * * entering into any kind of agreement or other undertaking to insure mortgages if the commitment to waive such mortgages would be unlawful under the limits so established.

Under a dollar limitation, the agency could find itself in the position of suspending operations should the limitation be exhausted during a time the Congress was not in session so that it could provide for an increase in the general insurance authorization.

The committee wishes to reiterate and emphasize that it has no intent to eliminate the FHA by placing a statutory expiration date on the general insurance authorization.

Armed services, NASA, and AEC housing

Section 503(d) of the bill would extend the section 803 (armed services mortgage insurance program—Capehart housing) until October 1, 1962. The Military Construction Act of 1960 (Public Law 86-500, approved June 8, 1959) amended section 803 of the National Housing Act to provide that no more than 25,000 units could be constructed under the program after June 30, 1959. This bill would also increase the number of units which could be constructed after that date to 37,000.

The aggregate amount of all loans constructed pursuant to this program cannot exceed \$2,300 million. The average cost per unit of housing cannot exceed \$16,500. If the average is applied against the total authorization, slightly over 138,000 housing units could be produced under the program.

This program has contributed greatly to the morale and welfare of military families throughout the United States and is the major source of producing needed housing for such families. As of April 1, 1961, more than 80,000 units had been completed and occupied, over 24,000 of this total having been finished during the past 12 months. An additional 23,000 units are currently being constructed, and the committee is advised that the Department of Defense expects to have the balance of the current execution program under construction by the end of June 1961. The table below shows the status of the program to March 31, 1961:

TITLE VIII (CAPEHART) HOUSING PROGRAM

Summary of program development as of Mar. 31, 1961

	Total all services		Army		Navy		Air Force	
	Projects	Units	Projects	Units	Projects	Units	Projects	Units
Total authorized.....	306	116,141	110	36,385	57	19,806	139	59,950
Completed.....	199	80,147	79	24,280	24	9,135	96	46,732
Under construction.....	61	23,525	14	7,548	18	6,244	29	9,733
Bidder accepted.....	7	2,153	3	723	0	0	4	1,430
In process ¹	39	10,316	14	3,834	15	4,427	10	2,055
Total cost of units completed and under construction.....	\$1,737,017,551		\$528,577,039		\$258,925,556		\$949,514,956	
Average.....	16,755		16,607		16,836		16,816	
Mortgage proceeds.....	1,647,703,788		499,024,072		248,979,909		899,699,807	
Average.....	15,893		15,679		16,189		15,934	
Private.....	1,248,258,835		325,052,757		218,025,312		705,180,766	
FNMA.....	399,444,953		173,971,315		30,954,597		194,519,041	
Appropriated funds.....	89,313,763		29,552,967		9,945,647		49,815,149	
Average.....	862		928		647		882	

Source: Department of Defense.

The committee is advised that the Capehart program will soon have provided housing for armed service families at more than 213 military installations. The great majority of these installations are in the continental United States; however, 17 are "offshore": 11 in Hawaii, 3 in Puerto Rico, 2 on the island of Guam, and 1 in the Panama Canal Zone.

In addition to the 116,260 units now in various stages of development, the committee is advised by the Department of Defense that authorization is being requested for an additional 7,074 units for the fiscal year 1962 program. Since the balance of the units presently authorized, and the anticipated authorization cannot be placed under contract prior to October 1, 1961 (the current expiration date of the program), the committee believes that in order to serve the continuing military family housing needs, the program should be extended for 1 year, until October 1, 1962.

During recent months there has been severe criticism of this program. By and large this criticism arises because the prime contractor on 7 projects under this program, totaling 3,450 units, defaulted on his contract leaving about 75 percent of the units for which he had contracted to construct unfinished. In what the committee believes to be an effort to cover up his own actions, this contractor attacked the program on the basis of its resulting cost to the Federal Government and the taxpayer. In addition, this contractor has made statements to the effect that additional sums will be lost by the Federal Government because of the FHA's and Department of Defense's inefficiency in handling the case after he defaulted on the contracts. The contractor's statements before another Senate committee in regard to his default on these contracts, in the opinion of this committee, have not been borne out by the facts of the case as they appear.

The committee was aware of the contractor's default when it occurred. The committee has followed the case since that time, and has been kept fully advised on the developments in the matter as such developments occurred.

If the handling of this case needs to be criticized, the committee would suggest two areas of criticism. These are: (1) the delays incurred between the time of default by the prime contractor and the time the mortgages were assigned to the FHA so that action could be taken to complete the projects, and (2) the method of bidding permitted by the Department of Defense which requires additive bidding on housing contracts under this program. In the case of the former, steps were taken in August 1960 and put in effect in October 1960 to insure that the FHA could take over the project promptly as the holder of all the stock should a prime contractor default on one of these projects in the future.

In the case of the method of bidding, it appears that the Department of Defense's requirement that bids on these projects be in the additive, may, in fact, promote bids so low that the bidder is incapable of carrying out the contract based on such bid.

During the hearings officials of both the Housing Agency and the Department of Defense were asked if the basic statutes of the Capehart program need be amended to prevent a recurrence of this nature in the future. These officials stated to the committee that no amendments were needed to the basic statutes. In addition, these officials were questioned in regard to the possible loss on these projects that may have to be borne by the Federal Government as a result of this contractor's actions. The committee was informed that these contracts were covered by 100 percent performance bonds and the Government should not stand to lose when the matter is completely settled.

The committee is aware that a prime contractor on one of these projects cannot be prohibited from walking off the job and defaulting on the contract. The committee, however, points to the fact that some 306 projects, containing more than 116,000 dwelling units, and totaling more than \$1.7 billion in costs have been authorized under this program. The case mentioned above involved only some 2,500 units which were affected by the work stoppage ordered by the prime contractors. Thus, the committee feels that the success of the program must be measured by the overall accomplishments, rather than by the actions of one prime contractor.

Section 503(d) would also extend the FHA section 809 (housing for essential civilian employees of the armed services, NASA and AEC) program.

Section 809 was added to the National Housing Act in 1956 to help solve the housing problems of essential civilian employees of the armed services at military research and development installations. The establishment of this special program was necessary because in some instances homes built for such employees in towns near or adjacent to such installations were considered to be above and beyond those needed for the normal economic growth of the community. In the opinion of the FHA, homes built in excess of those needed for normal growth of a community cannot meet the economic soundness test required by statute as a prerequisite for FHA mortgage insurance under its regular section 203 housing program.

Section 809 permits the "economic soundness" test to be waived in such cases and also permits the FHA Commissioner to require the Secretary of Defense to guarantee the FHA Armed Services Insurance Fund against loss as a result of the insurance of the mortgages given

by essential civilian employees when the Commissioner does not believe the mortgage to be an acceptable risk.

In 1960, the section 809 program was extended to cover essential civilian employees of the National Aeronautics and Space Agency and the Atomic Energy Commission at installations which had been designated as research and development centers by the Agency and Commission, respectively.

Authority to reduce premium charges

Section 504 would amend section 203(c) of the National Housing Act to give discretionary authority to the FHA Commissioner to reduce the annual premium charge, for mortgage insurance granted under any of FHA's title II programs, to as low as one-fourth of 1 percent. Under existing law, the Commissioner is permitted to establish a premium rate for the insurance of loans which shall be not more than 1 percent per annum and not less than one-half of 1 percent per annum. At the present time, the FHA premium rate is administratively established at one-half of 1 percent per annum. This rate is applied annually to the outstanding balance.

Premiums collected under the regular single-family sales program (sec. 203) are mutualized and, to the extent that premiums collected exceed expenses incurred and losses paid, participating dividends are returned to mortgagors. Premiums collected under all other sections of title II, however, are not mutualized and all receipts which exceed expenses incurred and losses paid are placed in reserves.

The insurance reserve funds for all FHA insurance programs have reached an accumulated total of nearly \$1 billion. The adequacy of these funds to cover future contingent losses is evaluated based on actuarial computations of potential future losses and expenses. This estimate, called the reserve requirement, takes into account not only ordinary losses, but some measure of the losses which would occur if an economic reversal of approximately depression magnitude were to develop. According to several intensive analyses of the reserve requirements as compared with accumulated insurance reserves, it is believed that FHA's financial position is sound and, with respect to individual insurance funds, FHA can be in the position where its accumulated reserves exceed reserve requirements. In such a case, the Commissioner should have the authority to reduce premium income rates for insurance programs assigned to individual insurance funds.

This section gives the Commissioner authority to reduce the insurance premium on a selective basis after a careful evaluation of requirements to meet contingencies applying to a particular program. In no event, however, should a reduction of premium be made for any particular program unless the Commissioner is satisfied that the results will not impair the financial soundness of the program.

Section 207 rental housing insurance

Section 505 of the bill would permit individuals, groups of individuals, or partnerships to be FHA section 207 rental housing mortgagors as now permitted for other FHA multifamily housing programs. Under present law, a section 207 mortgagor which is not supervised under Federal or State law, is required to be a private corporation, association, cooperative society or trust. Under the bill any mort-

gagor approved by the Commissioner could be a mortgagor under the section 207 program.

Under another provision of section 505 exterior land improvements could be excluded in determining the statutory limit on the maximum amount of an FHA section 207 rental housing mortgage. This same authority would be provided in other sections of the bill for the other FHA multifamily housing programs, except the section 220 urban renewal housing program, for which such authority is already available.

Cooperative housing insurance

Section 506 (a) and (b) would make four changes in section 213 of the National Housing Act—the FHA cooperative housing insurance program. These changes are discussed below:

Exterior land improvements.—The first change would exclude the cost of exterior land improvements from the FHA statutory per room and per unit dollar limitations presently provided in the act. This amendment would permit the cost of landscaping and related improvements to be included as part of the mortgage, but to be excluded from the statutory per room and per unit dollar limits. In many instances, a large project requires considerable cost in landscaping and other exterior improvements to make the project attractive and marketable. It is desirable that these improvements be made and included in the maximum mortgage, but this cost should not be charged under the per room or per unit limitation.

Number of units in cooperative multifamily projects.—The second change would permit the Commissioner to insure cooperative multifamily projects of five or more units. Under present law the minimum number of units in a cooperative multifamily project is eight.

Disqualification of sponsors of cooperatives.—The third change would permit the Commissioner to exercise discretion as to the extent and period of disqualification of an investor-sponsor identified with a project which failed to become a bona fide cooperative. Present law prohibits such investor-sponsor from participating in future projects, if the project is not transferred or sold to a bona fide cooperative. This bill would give the Commissioner discretion in lieu of the stringent provision of existing law.

Supplementary financing to consumer cooperatives.—The fourth change which is found in section 506(b) of the bill would add a new subsection (j) to permit supplementary financing under section 213 of the National Housing Act in order to provide (1) necessary improvements or repairs of the cooperative project in order to maintain modernization of the project, and (2) additional community facilities which experience may prove are needed. The new subsection provides the necessary protection on supplementary financing. Under this new provision the total amount of supplementary financing plus the outstanding balance on the blanket mortgage will not exceed the amount of the original mortgage. In addition, the maturity on the supplementary financing would not exceed the term of the original mortgage. The security of the supplementary financing shall be determined by the Commissioner of FHA and should be adequate to assure its repayment.

Additional mortgage insurance on multifamily projects

Section 507 would give FHA authority to assist mortgagors of multifamily housing projects (including those insured under FHA

secs. 213, 220, 221, 222, 231, 232 or 233) in cases where occupancy of the projects is delayed with the result that the income from the projects is not sufficient to pay project expenses and payments on the mortgages. Under the provision the expenses which exceed project income during the first 2 years following final endorsement for insurance of a mortgage could be added to the amount of an insured mortgage. The provision would be applicable at the discretion of the Commissioner to a mortgage insured before or after the effective date of enactment of the bill.

Nursing homes

Section 508 of the bill would increase the maximum loan to value ratio on mortgages insured under section 232 (mortgage insurance for proprietary nursing homes) to 90 percent of the amount which the FHA Commissioner estimates will be the replacement cost of the property when the improvements are completed for new construction, or 90 percent of the Commissioner's estimate of value of the project for existing construction. Under present law, the maximum loan to value ratio is 75 percent of the estimated value of the project. The committee believes that the present 75 percent basis imposes too great a financial burden on the small nursing home owner. The committee believes that the 90 percent basis would permit the smaller nursing home owner either to build a completely new, or remodel an existing, property to provide better physical facilities for the care of those who must be confined to nursing homes.

TECHNICAL OR CONFORMING AMENDMENTS

Maturity dates of home mortgages

Section 509(a) would clarify the date on which the maturity of FHA-insured mortgages would commence. Under the amendment a home mortgage may have a maturity 30 years from the date of the "beginning of amortization of the mortgage" rather than from the date of "insurance of the mortgage" as provided in the present law. This amendment is designed to remove an operational problem resulting from the inability of scheduling in advance the exact date of insurance of a home mortgage. The amendment in this section would be applicable to home mortgages insured under the FHA sections 203 (home mortgage program), 220 (urban renewal housing), and other home mortgage programs. Another section of the bill would make the same amendment applicable to the FHA section 221 (relocation housing) program. Thus all the home mortgage programs would be made consistent in this respect.

Dates of certain debentures

Section 509(b) would permit debentures issued in payment of insurance claim under FHA sections 220 (urban renewal housing), 221 (relocation housing), and 233 (experimental housing) to be dated, at the discretion of the Commission, as of the date the mortgage is assigned or conveyed to FHA rather than the date of initiation of foreclosure or acquisition of the property by the mortgagee as is presently required under existing law. This amendment is required to conform with other provisions in the bill which would permit the Commissioner to provide by regulation for these debentures to bear

interest at the rate in effect on their dates of issuance, which is not permitted under the present law.

Conveyance of foreclosed properties to FHA

Section 509(c) would authorize conveyances of foreclosed properties to the Federal Housing Commissioner without naming the Commissioner by name. This provision would lessen expenses and delays which result when many conveyances must be returned to the mortgagees for the purpose of substituting the name of a new Commissioner for the preceding Commissioner, or in cases where the name of a Commissioner of many years past is used on the documents, rather than the name of the current Commissioner. Members of the American Title Association state this amendment would eliminate most of the present difficulty.

Expense of FHA statistical and economic surveys

Section 509(d) would provide that the expenses of FHA statistical surveys and economic studies could be charged against any FHA insurance fund or account rather than only the mutual mortgage insurance fund, the housing insurance fund, and the defense housing insurance fund, which are presently specified by law to bear such expenses. Each fund or account under the amendment could bear its proportionate expense of surveys and studies.

FHA labor standards provision

Section 509(e) would provide that the FHA labor standards provision contained in section 212 of the National Housing Act could be applicable to the new FHA sections 220 (home improvement on multifamily projects—12 or more units), 221 (rental housing for displaced and moderate income families), and 233 (experimental multifamily housing) programs. Section 212 requires that the principal contractor on FHA multifamily projects file a certification that all laborers and mechanics have been paid not less than the wages prevailing in the locality for the corresponding classes of laborers and mechanics employed in construction of similar character as determined by the Secretary of Labor.

Transfer between FHA insurance funds

Section 509(f) would permit the Commissioner of the FHA to commingle the FHA title I insurance account and other new accounts and funds which would be created by this bill with all other FHA funds and accounts, except the mutual mortgage insurance fund. Section 219 of the National Housing Act permits all but the Title I insurance account, the Armed Services Housing Mortgage Insurance Fund and the Mutual Mortgage Insurance Fund to be commingled. Under the provisions of this section the Commissioner can make such transfers among the funds and accounts (except the Mutual Mortgage Insurance Fund) as are necessary to carry out the FHA insurance programs.

Payment of insurance claims

Section 509(g) would give discretionary authority to the FHA Commissioner to provide for the payment of insurance claims on defaulted mortgages insured under the section 220 urban renewal housing program in debentures upon assignments to FHA of the mortgages in default on one- to four-family homes. Under the

present law, insurance claims are payable in debentures accompanied by a certificate of claim and small cash payments to cover odd amounts due the mortgagees. Also, a one- to four-family home mortgage in default is not now eligible for insurance benefits until the mortgagee has foreclosed the mortgage or acquired the property in some other manner and conveyed title to the property to the Commissioner. The proposed authority to permit assignments of defaulted home mortgages would be used by the Commissioner in his discretion and mortgagees would be paid insurance benefits in accordance with the provisions in regulations in effect at the time the commitment to insure was issued. Under other provisions of the bill debentures could bear interest at the rate in effect on the dates of their issuances if the Commissioner so provides by regulation. These provisions would provide additional inducements to mortgagees to make and hold section 220 urban renewal housing mortgage loans without relying on FNMA special assistance.

Interest rates on FHA debentures

Section 509(h) would clarify the present law with respect to the date establishing the interest rate on FHA debentures. It would also permit the interest rates on debentures issued in payment of insurance claims on mortgages or loans insured under sections 220, 221, or 233 (urban renewal housing, relocation housing, home improvement loans in urban renewal areas, and experimental housing) to be at the rates in effect at the date of their issuance if the Commissioner has so provided in regulations governing the insurance of the loans or mortgages. This second amendment relates to other provisions in the bill designed to make insurance payment procedures more attractive to lenders in order to stimulate lenders to make home improvement loans for structures in urban renewal areas, and mortgage loans for urban renewal and relocation housing, and experimental housing.

FHA appraisals to home purchasers

Section 509(i) would amend section 226 of the National Housing Act to require that FHA appraisals be furnished to home buyers under the proposed FHA sections 233 (experimental housing) and 234 (condominium) mortgage insurance programs. Under existing law, section 226 of the National Housing Act requires that FHA appraisals be furnished to home buyers whose mortgages are insured pursuant to FHA one- to four-family sales housing programs. This provision is merely a conforming provision requiring that such appraisal as the Commissioner is required to make under present law or amendments in the bill shall be given to home buyers who participate in the new sales housing programs proposed by this bill.

FHA cost certification

Section 509(j) would require that the builder's cost certification provision applicable to FHA multifamily programs would also be applicable to the new multifamily housing programs which would be established by this bill (including the new displaced and moderate income family programs under section 221 (d)(3) and (d)(4) and the new experimental housing program under section 233). Existing law provides that mortgagors under all FHA multifamily housing programs be required to certify actual costs of construction or rehabili-

tation and to refund any amount less than the mortgage amount. Section 509(j) would merely conform this requirement to the new multifamily housing programs added to the National Housing Act by this bill. A parallel cost certification provision would be made applicable by another section of the bill to the new home improvement loans for multifamily structures.

Voluntary termination of FHA insurance on multifamily housing mortgages and loans

Section 509(k) would permit voluntary termination of FHA insurance of a loan or mortgage covering multifamily housing projects. The insurance could be terminated if the borrower and the lender both make the request. The Commissioner has authority to impose termination charges in such cases. The new programs which would be authorized by the bill would be included under the provision. Under present law FHA has this authority only with respect to one-to four-family home mortgages. FHA insurance cannot now be terminated on a loan covering a multifamily structure unless the mortgage is prepaid.

Exterior land improvements (housing for elderly)

Section 509(l) would permit exterior land improvements to be excluded in determining the statutory limit on the maximum amount of an FHA section 231 mortgage on rental housing for elderly persons.

TITLE VI—OPEN SPACE AND URBAN DEVELOPMENT

INTRODUCTION

This title would assist State and local governments in preserving open-space land in and around urban areas which, for economic, social, conservation, recreational, or esthetic reasons, is essential to the proper long-range development and welfare of the Nation's urban areas and their suburban environs. Such areas contain the preponderant majority of the present and future population of this country.

In his message on housing the President said:

Land is the most precious resource of the metropolitan area. The present patterns of haphazard suburban development are contributing to a tragic waste in the use of a vital resource now being consumed at an alarming rate.

Open space must be reserved to provide parks and recreation, conserve water and other natural resources, prevent building in undesirable locations, prevent erosion and floods, and avoid the wasteful extension of public services.

The President said further that "this problem is so urgent that we must make a start now."

Open space reservation is essential for healthy urban growth. Its extent and location will profoundly affect the quality of the environment of most of our people and the shape and direction of urban development. These in turn are principal factors in determining the economic productivity of our urban areas and also the cost of essential community facilities and services.

The committee believes that localities and metropolitan areas must have a clear idea of how they want to develop if efforts to preserve and acquire open land are to result in maximum benefits, and adequate

comprehensive area planning is therefore an essential feature of the proposed program.

Findings and purpose

Section 601 of the bill lists problems caused by the rapid and wasteful expansion and sprawl of the Nation's urban areas and states the purpose of this title to be to attack such problems through a program to assist State and local public bodies, acting in accord with comprehensive area plans, to acquire land in urban areas for preservation as open-space land.

Such open-space land can help to shape urban development and thus provide a better living environment and increase the productive efficiency of the area. At the same time the cost of sewers, water, transportation, schools, and other community facilities for an area can be greatly reduced. There should also be very considerable benefit from the conservation of soil and other natural resources otherwise destroyed or put to incorrect uses.

Federal grants

Section 602 of the bill would authorize the Housing Administrator to contract to make grants to State and local public bodies to pay up to 25 percent of the cost of acquiring permanent "open-space land," as defined in section 607. Grants up to 35 percent of acquisition cost would be authorized for local bodies (or combinations of such bodies) which exercise responsibilities for open-land preservation for an entire urban area or exercise or participate in the exercise of such responsibilities for all or a substantial portion of an urban area pursuant to an interstate or other intergovernmental compact or agreement. Such areawide authorities or combinations are better able to agree upon and to finance open land serving several different jurisdictions.

Appropriations totaling \$100 million would be authorized, none of which could be used for development costs or ordinary governmental expenses. However, the funds could be used to assist in the acquisition not only of full title to land, but also of other permanent interests in land, such as development rights or other restrictive easements.

The Administrator would be required to consult with the Secretary of the Interior on the general policies to be followed in reviewing applications for grants and to provide him with current information on significant program developments. The Secretary would in turn be required to furnish appropriate information on the status of recreational planning for the areas to be served by the open-space land acquired.

Planning requirements

Section 603(a) of the bill would require the proposed acquisition of open-space land to be important to the execution of an existing comprehensive plan applicable to the area. This plan would include provision for open space and otherwise meet criteria established by the Administrator as to detail and coverage. In addition, a program of comprehensive planning for the urban area would be required. Such a program would be concerned not just with the preparation of comprehensive plans for long-range development, but also with such matters as the scheduling of public facilities construction, the provision of appropriate land-use regulations, and the coordination of development activities proposed by different jurisdictions within the urban area.

Section 603(b) of the bill would require the Administrator to encourage local governing bodies to preserve the open land they already have and to make maximum use of other alternative methods of providing open space besides outright purchase. The reduced cost of some alternative methods, such as purchase and lease back for limited private use, would still be eligible for Federal assistance. Other alternative methods, such as subdivision regulations requiring dedication of land for public purposes, would not result in any cost to the locality and therefore would involve no Federal assistance.

Section 603(c) of the bill would require the Administrator, in processing applications for assistance, to consider the extent to which the communities to be assisted are encouraging, through zoning or otherwise, orderly community development and renewal, including the availability of an adequate supply of decent housing at reasonable cost.

These provisions seek to assure that the Federal assistance to be provided under this title would result in the maximum of permanent benefit to localities, and also that it would be used to aid the planned development of localities rather than merely to inhibit development through public acquisition or other control of developable land. They would also authorize the Administrator to encourage, to the extent he deems feasible, additional local efforts toward open-space preservation. There are few, if any, localities which are already making adequate efforts toward this goal through such methods as zoning and subdivision regulations, tax deferral, the acquisition of development rights, and permanent reservation of suitable tax foreclosure and other publicly owned land. As participation in this program increases and the importance of comprehensive planning and the preservation of open space become increasingly recognized locally, the extent of local action required by the Administrator could also be increased. It would seem best, however, to provide administrative discretion as to the extent and timing of such requirements.

The pioneering nature of this proposed grant program is also reflected in the administrative discretion which has of necessity been provided in determining the criteria which must be met by the required comprehensive development plan. At the beginning of the program it is intended that such a plan be required only to apply to the jurisdiction of the applicant public body. For example, if a county comprising part of a metropolitan area has prepared and accepted a comprehensive plan, which includes an assessment of open-space and other land use needs, and has proposed that a given area be preserved as open space, then the county would be eligible for grant assistance in purchasing that area. Again, however, the Administrator would have discretion at a later time to require that the comprehensive plan more effectively control the overall pattern of urban growth by applying to, and being accepted by, all or substantially all of the urban area.

Conversions to other uses

Section 604 of the bill would authorize open-space land for which a Federal grant has been made to be converted to other uses, but only with the approval of the Administrator. Changing patterns of development in urban areas may make it imperative that some open-space land be used in whole or in part for other public uses—for example, for an arterial highway. Also, for the same reason, it may be in the public interest for some open-space land to be converted to

private use—for example, a segment of land separated from a park by an arterial highway.

However, there is always a risk that localities faced with the considerable cost of acquiring private land for needed public facilities will convert public open-space land as a cheaper alternative. This section would, therefore, authorize the approval of the Administrator to be given only if the proposed conversion is in accord with the comprehensive plan applicable to the land, and only if the locality provides other open-space land, equally suitable to the overall needs of the area and of equal value, using funds derived from the sale of the land or other public funds.

Technical assistance, studies, and publication of information

Section 605 of the bill would specifically authorize the Housing Administrator to provide technical assistance to State and local public bodies in order to carry out the purposes of this title. Assistance would be provided in planning—as a part of comprehensive urban planning—and in carrying out all phases of an open-land program. Such a program could include the acquisition and preservation of open land through purchases assisted under this title or through the other methods referred to in section 603(b).

The Administrator would also specifically be authorized to undertake studies and publish information, either directly or by contract, which would be of assistance to such a program. This would in effect explicitly provide for the purposes of this title the general authority for research and studies contained in section 602 of the Housing Act of 1956, and in other acts. The studies could cover a wide range of subjects, including the role of open land in urban development and renewal; the merits of alternative land-use patterns with respect to the quality of the living environment, the productivity of the urban economy, and the requirements for public and private expenditures; legal, administrative, and financial problems in preserving or making optimum use of open land; and ways in which such preservation or optimum use can be provided for by State and local government and private efforts.

Appropriations would be authorized as needed for the purposes specified in this section.

Definitions

Section 606 would define “open-space land” as any undeveloped or predominantly undeveloped land, including agricultural land, in or adjoining an “urban area” (as defined below), which has (1) economic and social value as a means of shaping the character, direction, and timing of community development; (2) recreational value; (3) conservation value in protecting natural resources; or (4) historic, scenic, scientific, or esthetic value.

Examples of open-space land having conservation value would be land needed for protecting water supplies; providing water-pollution or flood control; or preserving forest, wildlife, fishery, or other natural resources. The conservation value could also come through proper use of a resource where that can be done without “development” of the land. Thus an area of excellent farming soil, near a city which can adequately provide for necessary expansion elsewhere, could be established as an area reserved for farm use. In such cases, it would ordinarily be desirable to provide for limited private use of the land through purchase and lease-back or acquisition of development rights.

Similar protection could be provided for a suitable heavily forested area.

Many areas could serve more than one open-space use. A stream area could provide conservation against erosion and water pollution and also help both to provide for recreation and give desirable form to community growth. Flood-plain areas and areas reserved near airports could prevent development of inappropriate areas and also be of value for recreation.

Within a city, obviously, the scope and functions of open-land acquisition would be more limited. Most such land would be in comparatively small tracts, for recreational purposes. However, such land could also serve to shape community development. This would be especially true in the case of cleared land or any other undeveloped or predominantly undeveloped land in urban renewal areas. Permanent open-space land usually could be provided in accord with planned community needs more easily in such areas than in areas where recourse could be had only to scattered parcels of open land. The urban renewal land would be eligible for assistance under this title on the same terms as other urban land.

The term "urban area" would in turn be defined as any area which is urban in character, including those surrounding areas which, in the judgment of the Administrator, form an economic and socially related region, taking into consideration such factors as present and future population trends and patterns of urban growth, location of transportation facilities and systems, and distribution of industrial, commercial, residential, governmental, institutional, and other activities.

The program would be authorized for the various States, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam.

TITLE VII—OTHER HOUSING PROGRAMS

FARM HOUSING

Section 701 would, effective July 1, 1961, amend title V of the Housing Act of 1949 to provide a 5-year extension of (1) availability of the unused balance of the building loan funds for adequate and potentially adequate farms, (2) authority to make commitments for contributions for potentially adequate farms, and (3) authorization of appropriations for improvement and repair loans and grants, or a combination of each, to keep farms sanitary and safe and to encourage family-size farms.

A broad comprehensive housing program was developed in the Housing Act of 1949 to carry out an aggressive and all-out attack on slums and blight and substandard housing for all families of the United States. The program covered farm housing as well as nonfarm housing but, because of the unique problems in farm housing, a special program was developed for this type of housing.

Title V of the Housing Act of 1949 authorized loans and grants to owners of farms for the construction, improvement, alteration, repair, or replacement of dwellings and other farm buildings. Funds for this program were made available in 1950, 1952, 1955, and 1956. The action which was taken in 1956 authorized \$450 million of direct Treasury borrowings to be used for direct loans for farm housing for a period of 5 years, up to October 1, 1961. The total of \$450 million which was authorized for the 5-year period will end June 30, 1961.

Only \$243 million of this was apportioned for use during the past 5-year period. The proposed extension will make available the remaining balance of approximately \$200 million for the 5-year period beginning July 1, 1961.

Title V authorizes loans to 3 types of applicants: (1) those living on adequate farms whose incomes are sufficient to meet regular amortization payments of principal and interest; (2) those on potentially adequate farms who must make basic changes in their farm programs before their incomes will be sufficient to meet annual payments of principal and interest; and (3) those owner-occupants on marginal farms who cannot qualify for loans under (1) or (2) above, but who need assistance for such purposes as repairing roofs, providing sanitary facilities, and providing a sanitary water supply, and other repairs or improvements. The third group is eligible for grants limited to \$500 a family, or grants in combination with loans up to \$1,000. In addition to a program of loans and grants, title V of the Housing Act of 1949 authorized the Secretary of Agriculture to provide technical services to farmers for the construction and improvement of farm buildings and the reduction of the cost of farm dwellings. Furthermore, the act directed the Secretary of Agriculture to prepare and submit to the President and to the Congress estimates of national farm housing needs and recommendations for executive and legislative action for the furtherance of the national housing objectives as were set forth in the 1949 act.

The farm housing program has been a means of helping farm families acquire adequate housing. Loans totaling \$300 million have been made to 44,000 families. To many, it has meant a new home; to others, it has meant repairing dilapidated dwellings or enlarging the present home, modernizing the kitchen, adding bath and sewage disposal systems or installing central heating.

The farm housing program also has helped farm families adjust their farm service buildings to the changing requirements of agriculture. Some have been able to construct new dwellings and others have remodeled or enlarged existing buildings to adapt them to new or larger enterprises. In some areas, for example, the major use of farm housing funds has been the conversion of inadequate and obsolete stock barns and dairy buildings or the construction of milk-houses, milking parlors and loafing sheds to enable farmers to meet grade A market regulations or health standards or to place their dairy operations on an efficient and profitable basis.

Frequently, these farm service-building improvements have been necessary to increase the borrower's income prospects sufficiently to enable him to have a better home for his family and to increase their general level of living.

More than half of the number of loans made during 1960 were for the primary purpose of building new homes for farm families. About 70 percent of the funds were used for this purpose. These new homes cost an average of \$9,800. About a fourth of the loans included funds for dwelling modernization, enlargement, or repair. Loans for this purpose averaged \$3,400 and represent 10 percent of all funds loaned during the 1960 fiscal year. About 20 percent of the funds used during the 1960 fiscal year were to finance new service buildings or to modernize or enlarge existing structures.

The table below shows activity under title V of the Housing Act of 1949 from the year 1950 through December 30, 1960:

Activity under title V of the Housing Act of 1949 from the year 1950 through December 30, 1960

Fiscal year	Building loans					Land development or purchase		Total		Grand total initial and subsequent	
	Sec. 502		Sec. 503		Sec. 504						
	Initial (1)	Subsequent (2)	Initial (3)	Subsequent (4)	(5)	Initial (6)	Subsequent (7)	Initial (8)	Subsequent (9)	Number (10)	Amount (11)
1950:											
Number	3,509	0	217	0	65	(147)	0	3,791	0	3,791	
Amount	\$16,161,811	0	\$833,401	0	\$46,480	\$187,782	0	\$17,229,474	0		\$17,229,474
1951:											
Number	4,838	137	230	5	86	(193)	(1)	5,154	142	5,296	
Amount	\$22,865,203	\$183,487	\$634,853	\$5,914	\$61,148	\$354,088	\$148	\$23,915,292	\$189,549		\$24,104,841
1952:											
Number	3,784	201	188	3	79	(181)	0	4,051	204	4,255	
Amount	\$19,469,209	\$316,795	\$505,529	\$2,420	\$60,285	\$422,616	0	\$20,457,639	\$319,215		\$20,776,854
1953:											
Number	3,112	166	126	7	34	(123)	(1)	3,272	173	3,445	
Amount	\$17,992,932	\$315,193	\$439,550	\$19,425	\$27,960	\$313,240	\$1,720	\$18,773,682	\$336,398		\$19,110,020
1954:											
Number	2,676	126	0	4				2,676	130	2,806	
Amount	\$15,720,218	\$325,636	0	\$8,205				\$15,720,218	\$333,841		\$16,054,059
1955:											
Number	506	39						506	39	545	
Amount	\$3,451,434	\$208,597						\$3,451,434	\$208,597		\$3,660,031
1957:											
Number	3,105	196						3,105	196	3,301	
Amount	\$20,178,702	\$703,061						\$20,178,702	\$703,061		\$20,881,763
1958:											
Number	4,502	349						4,502	349	4,851	
Amount	\$31,049,900	\$1,345,394						\$31,049,900	\$1,345,394		\$32,395,294
1959:											
Number	7,597	496						7,597	496	8,093	
Amount	\$58,075,474	\$1,879,584						\$58,075,474	\$1,879,584		\$59,955,058
1960:											
Number	4,962	386						4,962	386	5,348	
Amount	\$39,248,318	\$1,487,677						\$39,248,318	\$1,487,677		\$40,735,995
Total:											
Number	38,591	2,096	761	19	264	(644)	(2)	39,616	2,115	41,731	
Amount	\$244,213,201	\$6,765,424	\$2,413,333	\$35,964	\$195,873	\$1,277,726	\$1,868	\$248,100,133	\$6,803,256		\$254,903,389

NOTE.—The entire amount of loans in fiscal year 1960, 1959, 1958 and \$19,451,492 of the loans in fiscal year 1957 were made from the authorization of \$450,000,000 available from 1957-61. The balance of \$1,830,271 in 1957 was available from 1956 and prior year unobligated balances.

The unobligated balance of the \$450,000,000 loan authorization, 1957-61 as of June 30, 1960 was \$29,462,161.
1954 fiscal year includes obligations of \$39,266 for recoverable loan costs only actually incurred in fiscal year 1955. No loans were made during fiscal year 1955.

The committee believes that in order for this program to continue to be of assistance to farmers in meeting their housing and home improvement and rehabilitation needs, the program should be extended until June 30, 1966.

Section 701 would also amend the title V program to permit greater latitude in requiring security. The existing law requires the borrower to mortgage his farm. This imposes comparatively heavy title clearance and other loan-closing costs on the borrower and loan-making and servicing costs on the Government by comparison with loans not required to be secured by a mortgage on the farm. There is considerable demand for small home-improvement loans for purposes such as installing bath facilities, putting in central heating, or modernizing kitchens. In a case of that type especially, the present requirement of a mortgage on the real estate may be unduly burdensome and inappropriate.

HOME IMPROVEMENT LOANS BY SAVINGS AND LOAN ASSOCIATIONS AND NATIONAL BANKS

Sections 702 and 703 would amend existing laws to authorize savings and loan associations and national banks to make home improvement loans which would be insured by FHA under the new programs provided in section 102 of the bill. These amendments would remove any doubt that might exist with respect to the authority of such savings and loan institutions and banks to make home improvement loans, notwithstanding the fact that the security may consist of junior liens as second mortgages. The committee believes that the proposed amendment to the Home Owners' Loan Act of 1933 and the Federal Reserve Act is necessary to prevent any impediment to the new home improvement program provided by FHA sections 203 and 220.

VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

Section 704 would extend the voluntary home mortgage credit program until October 1, 1965. Under present law the program would cease operations on October 1, 1961. The VHMCP is intended to assist home buyers in obtaining residential mortgage loans in small communities and rural areas where mortgage money is scarce and to assist minority groups in general without regard to the size of the communities in which they live.

Since it was established by the Housing Act of 1954, the program has been successful in assisting the placement of over 46,511 FHA and VA loans with private lenders. Over 21.5 percent of the total were for homes for minority group families. These figures indicate that the program has been helpful and justify the continuation of the program for the next 4 years.

DISPOSAL OF PASSYUNK WAR HOUSING PROJECT

Section 705 would extend for an additional year the period during which military personnel and civilian employees of the armed services may continue to occupy war housing projects in Philadelphia, Pa., with occupancy preferences and without regard to their income. Section 406(c) of the Housing Act of 1956 (Public Law 1020, 84th

Cong., approved August 7, 1956) provided an exception to section 606 of the Lanham Act in order to permit military personnel and civilian employees to occupy projects PA-36011 and PA-36012 for a 3-year period, later extended by section 802(a) of the Housing Act of 1959 until January 31, 1962.

Although this period will soon expire, the committee is advised that such personnel and employees still require these quarters and that unless the date is extended, it will be necessary for eviction action to take place. It was originally anticipated that other arrangements would be made to house the military personnel and civilian employees prior to the expiration of the 3-year period granted by the Housing Act of 1956. However, the Department of Defense has been unable to provide the housing needed by such personnel and employees. The committee believes that at the very least a 1-year extension, until 1963, as is provided by the bill, is necessary not only to avoid the eviction of those presently occupying the project but also in order to serve a continuing housing need.

VETERANS' ADMINISTRATION DIRECT HOME LOANS

Section 706 of the bill would make several amendments of title 38 of the United States Code which pertains, in part, to the direct home loan program for veterans of both World War II and the Korean conflict.

The first of these amendments would permit the Administrator of the VA to increase the amount of loan that a veteran may obtain under the direct loan program from \$13,500 to \$15,000 if the Administrator determines that such higher amount is necessary to cover the cost of construction which exists as a result of prevailing climatic conditions in the area in which the veteran is seeking to purchase or construct a home.

The second amendment would extend the direct loan program for veterans of World War II until July 25, 1965, and for veterans of the Korean conflict until January 31, 1975.

The third amendment would establish a formula for determining the continuing entitlement of veterans of World War II and the Korean conflict. Under the formula a World War II veteran's entitlement would be 10 years from the last period of active duty during World War II plus 1 year for each 4 months of active service during World War II. The formula for determining the continuing entitlement of veterans of the Korean conflict would be the same as the formula for veterans of World War II.

The fourth amendment would provide for a loan authorization of \$1.2 billion to become available as set forth in the table below:

Upon enactment of bill (4th quarter fiscal 1961).....	\$100,000,000
After June 30, 1961.....	400,000,000
After June 30, 1962.....	200,000,000
After June 30, 1963.....	150,000,000
After June 30, 1964.....	150,000,000
After June 30, 1965.....	100,000,000
After June 30, 1966.....	100,000,000

The VA direct home loan program was established in 1950 by Public Law 475, 71st Congress, after the Congress became aware that many veterans desiring to purchase or build homes in remote or outlying areas could not obtain guaranteed loans or, for that matter, any mortgage financing on reasonable terms with which to purchase or build sorely needed homes for themselves. Originally the program was scheduled to expire in approximately 1 year after enactment, but the Congress from time to time has extended the program so that the present termination date would be July 25, 1962, for World War II veterans, and January 31, 1965, for veterans of the Korean conflict.

Ever since the direct loan program was authorized in 1950 there has always been a waiting list of veterans needing a direct loan. The reason for the waiting list is due to the limited funds authorized for the program and the large number of veterans living in the rural areas where private financing is not available.

For example, on April 1, 1958, there were 13,084 veterans on the waiting list. When the funds were received under Public Law 85-364 the Veterans' Administration made the funds available to those on the list and started a new list for future loans.

The waiting list increased month by month to a point where on October 1, 1959, there were 59,000 veterans on the waiting list for a direct loan.

During the months of October and November 1959, the Veterans' Administration regional offices sent out letters to the veterans on the waiting list, instructing them that, if they did not complete the forms enclosed and make application to the voluntary home mortgage credit program for a loan and notify the Veterans' Administration within 30 days after they had made the application to the VHMCP, their names would be removed from the Veterans' Administration direct loan waiting list. This procedure did not get loans for the veterans through the voluntary home mortgage credit program because this program has failed to provide new or additional funds for veteran home buyers. Many veterans, realizing that the voluntary home mortgage credit program had not helped get loans in the past, did not file the application as instructed by the Veterans' Administration; they were therefore taken off the direct loan waiting list. Many of the veterans removed by this procedure still want and need a direct loan.

This procedure was followed throughout the country by all regional offices and 23,238 veterans were removed from the direct loan waiting list during the 2-month period.

Even with this procedure to reduce the waiting list, the Veterans' Administration had 33,762 veterans still on the waiting list on December 1, 1959.

Many thousands of our veterans living in rural areas and small towns, and cities need a direct loan today, as there are no private loans available. Even though many thousands are in this condition, only 29,454 have bothered to get their name on the waiting list as of March 1, 1961. The following table shows the number of veterans on the waiting list by regional office of the VA as of March 1, 1961:

Veterans on waiting list for a direct loan as of Mar. 1, 1961

REGIONAL OFFICE		REGIONAL OFFICE—continued	
Total.....	29, 454	New York:	
Alabama: Montgomery.....	652	Albany.....	10
Alaska: Juneau.....	15	Buffalo.....	31
Arizona: Phoenix.....	180	New York. ¹	
Arkansas: Little Rock.....	388	Syracuse.....	2
California:		North Carolina: Winston	
Los Angeles.....	117	Salem.....	1, 925
San Francisco.....	142	North Dakota: Fargo.....	555
Colorado: Denver.....	658	Ohio:	
Connecticut: Hartford. ¹		Cincinnati.....	1, 177
Delaware: Wilmington.....	22	Cleveland.....	1, 562
Florida: Pass-A-Grille.....	720	Oklahoma: Muskogee.....	1, 063
Georgia: Atlanta.....	1, 021	Oregon: Portland.....	319
Hawaii: Honolulu. ¹		Pennsylvania:	
Idaho: Boise.....	820	Philadelphia. ¹	
Illinois: Chicago.....	850	Pittsburgh.....	85
Indiana: Indianapolis.....	925	Wilkes-Barre.....	9
Iowa: Des Moines.....	337	Puerto Rico: San Juan.....	803
Kansas: Wichita.....	180	Rhode Island: Providence. ¹	
Kentucky: Louisville.....	1, 076	South Carolina: Columbia.....	768
Louisiana:		South Dakota: Sioux Falls.....	446
New Orleans.....	170	Tennessee: Nashville.....	623
Shreveport.....	66	Texas:	
Maine: Togus.....	549	Dallas.....	51
Maryland: Baltimore.....	30	Houston.....	55
Massachusetts: Boston. ¹		Lubbock.....	71
Michigan: Detroit.....	1, 084	San Antonio.....	46
Minnesota: St. Paul.....	1, 060	Waco.....	43
Mississippi: Jackson.....	983	Utah: Salt Lake City.....	1, 159
Missouri:		Vermont: White River Junction.....	
Kansas City.....	915	Virginia: Roanoke.....	1, 375
St. Louis.....	975	Washington: Seattle.....	1, 057
Montana: Fort Harrison.....	947	West Virginia: Huntington.....	289
Nebraska: Lincoln.....	281	Wisconsin: Milwaukee.....	128
Nevada: Reno.....	202	Wyoming: Cheyenne.....	248
New Hampshire: Manchester. ¹			
New Jersey: Newark. ¹			
New Mexico: Albuquerque.....	189		

VETERANS BENEFITS OFFICE

Washington, D.C.¹¹ Not a direct loan area.

Source: Veterans' Administration.

Many of the 29,454 on the waiting list know they will more than likely not get a loan, for there is not enough money to go around. If there were ample funds available for the direct loan program there is no doubt the number of veterans applying would be many, many times the number on the list today.

A careful review of the Veterans' Administration guaranteed and direct loan programs as of January 1, 1961, shows that 5,751,596 home loans have been guaranteed or made under the two programs. These approximately 6 million loans amounted to \$50.6 billion, with an exposure or liability of approximately \$30 billion. Yet the programs have made money for the taxpayers and U.S. Treasury. After repayment to the U.S. Treasury for moneys used, plus interest and deducting all losses, the Veterans' Administration guaranteed and direct loan programs have a surplus, as of January 1, 1961, in excess of \$59 million.

This surplus has been created on loans that have a reasonable and realistic interest rate varying from 4 percent to 5¼ percent. Losses and interest paid the U.S. Treasury have been deducted to arrive at the profit figure of over \$59 million. The interest payments to the Treasury are in excess of \$120 million, as of January 1, 1961.

Each time the expiration date of the direct home loan program has come near, there has always been a surge of applications for such loans, and each time the Congress has not wanted to shut off worthy veterans who wish to use the program to obtain housing for themselves and their families.

It has now been some 20 years since the start of World War II. Although there remain a great number of veterans of World War II who may desire to use the VA direct loan program, the committee believes that it is logical to phase out this program gradually. The amendments contained in this bill are designed to accomplish a gradual phasing out of the program. By extending the program and authorizing more funds for direct loans at this time and at the same time giving notice that the program will come to an end, the committee believes that all of those veterans who wish to take advantage of the program will have ample opportunity to make their plans to do so.

PURCHASE OF PUBLICATIONS (ADMINISTRATIVE)

Section 707 would permit the Housing and Home Finance Administrator, the Federal Housing Commissioner and the Public Housing Commissioner to utilize funds made available to them for salaries and expenses to purchase advance subscriptions to publications and to use such funds to purchase and join library memberships in organizations. Such membership would enable the housing agencies to receive or purchase scientific or other publications of interest which would otherwise not be available to the agencies without additional cost and difficulties. The committee is advised that in many instances advance publications and other technical and scientific data distributed by various organizations is only available to members of such organizations. Therefore, in order to permit the housing agencies to receive the wide variety of publications on housing and related matters that would be helpful in the administration of the various housing programs, the committee believes that a limited use of funds available to the housing agencies for salaries and other expenses may be profitably used to obtain such information.

DISCLOSURE OF COSTS OF CREDIT

The committee was informed by the Housing and Home Finance Administrator and the Federal Housing Commissioner during the hearings on the housing legislation of 1961 that home buyers and homeowners ought to receive complete disclosure of the costs of mortgage or home improvement credit, including both the true interest rate and the total dollar cost of the interest charges, prior to entering into such credit agreements.

During their appearance before the committee, in response to questions by Senator Douglas, officials of HHFA testified that steps are being taken to make certain that on any FHA insured loan or

mortgage the following information will be presented to the prospective borrower:

(1) A disclosure of the total interest costs in terms of dollars on all FHA insured mortgages and loans, including the proposed 40-year loans and the new home improvement loan program.

The committee believes this disclosure would be particularly helpful to the potential home purchaser in the cases of the 40-year, no-downpayment housing program included in the bill. The aggregate amount of interest charges on a 40-year, no-downpayment housing program could substantially exceed the purchase price of a house. The committee recognizes that the monthly payments made possible by the long-term mortgage will enable the home purchaser to obtain better housing than he could obtain with the equivalent amount in rent, and that homeownership is being encouraged. For these reasons, it has approved the program. However, it believes the home purchaser should be aware of the total cost to be paid over the entire period of the loan or mortgage.

(2) A disclosure of the simple interest rate on the unpaid balance of an obligation under the existing FHA title I property improvement program.

Under the title I property improvement program the effective interest rate under the discount provisions of title I can be as high as 9.4 percent on loans with terms of less than 3 years. However, homeowners have often mistakenly assumed that the permitted interest charge of \$5 per \$100 of the original amount of the loan was equal to a true 5-percent rate. A new home improvement loan program contained in the bill will provide loans on a simple interest rate basis rather than on a dollar discount basis. The loans can have longer terms and the interest rate will be lower than under title I.

In view of the fact that HHFA officials assured the committee that these disclosures of the cost of credit under FHA programs could and would be required by administrative action, no language for these purposes was included in this bill.

FHA MINIMUM STANDARDS FOR ROOFING

As a result of testimony received during the hearings on 1960 housing legislation, the committee recommended that the FHA carefully study its minimum property standards in connection with roofing. During the 1961 housing hearings the committee was advised that progress has been made toward improving standards for roofing. The committee believes that the FHA should continue to study its minimum property standards with an objective of establishing adequate standards for roofing used in the construction of homes.

CIVIL DEFENSE SHELTERS IN URBAN RENEWAL AREAS

During the 2d session of the 86th Congress, the committee considered a bill to assist the construction of civil defense shelters in urban renewal areas. This bill would have provided that the Federal grant should be increased by an amount equal to the cost of such shelter facilities and that no part of the cost should be required to be contributed as a local grant-in-aid.

The Housing and Home Finance Agency objected to the bill on the basis that present law permits localities to construct shelters and include them in the gross project cost, which means that the Federal Government pays only two-thirds of the addition to net project cost. It was the position of the HHFA that to require total payment by the Federal Government would distort the normal Federal-local sharing ratio and would divert urban renewal funds from their basic purposes. This sentiment was also reflected by the Office of Civil and Defense Mobilization in stating that the present urban renewal program provides adequate authority to carry out the national shelter policy.

The national shelter policy, as expressed May 7, 1958, states that in the event of nuclear attack, fallout shelters offer the best single nonmilitary defense measure for the protection of the greatest number of our people. However, OCDM, in carrying out this policy, places emphasis on education, the utilization of existing and new Federal buildings, and prototype shelters of various kinds. No massive federally financed shelter program has been included in the national shelter policy.

The committee at that time requested that the HHFA and the OCDM study these matters and submit a report to the Congress containing any recommendations for amendment to existing legislation. The committee wishes to restate its request for further study of this matter and for a report to be submitted to the Congress. The committee suggests that this report be made at the earliest possible date and not later than January 1, 1962.

RAPIDLY WASTING ASSETS

The committee was again asked to consider amendment to the National Housing Act authorizing the inclusion, as security for an FHA-insured mortgage or loan, of items which do not continue to enhance the security and value of the property for the duration of the mortgage period.

As a result of a report based on a study made by the FHA in 1956, the committee deemed it inadvisable to incorporate such an amendment in the Housing Act of 1957 because the amendment would be most difficult, if not impossible, to administer. There have been no developments since that time which would warrant the committee to change its opinion. On this basis the committee expresses its approval of FHA policy regarding rapidly wasting assets and prefers that no changes be made in present policy.

RESEARCH AND STUDIES IN URBAN RENEWAL

Although no additional authorization is provided under this bill, the committee believes that there is a vital need for additional research and studies in the fields of urban development and housing which is not now being met. Existing legislation is adequate to finance a program of research in these fields but, according to the administration, little action has been taken in this regard because of the lack of necessary appropriations. The committee was told that the administration is currently preparing its recommendations for such appropriations.

The committee is hopeful that the Appropriations Committees of the Congress will be sympathetic with the Agency's request so that an adequate research program can be carried out.

PROGRAM AUTHORIZATION AND 1962 BUDGET EXPENDITURES

The following table was prepared by the Housing and Home Finance Agency and is included in this report for the information of the Senate. The estimates of budget expenditures have not been analyzed by the committee, and do not necessarily represent its views.

PROPOSED HOUSING LEGISLATION—SENATE COMMITTEE BILL, S. 1922

Program authorizations and estimated fiscal year 1962 net budget expenditures

[Millions of dollars]

	Type of authority ¹	Program authorizations			Fiscal year 1962 net budget expenditures		
		Previously enacted	Committee bill	Total	Enacted authorizations	New authorizations	Total
FNMA investment in mortgages and improvement loans (special assistance), Presidential authorization.....	BA	950	750	1,700	225.0	65.0	290.0
Loan programs:							
College housing loans.....	BA	1,675	1,350	3,025	234.6	10.0	244.6
Public facility loans.....	BA	150	50	200	39.9	15.0	54.9
Housing for the elderly.....	AA	50	50	100	13.5	10.0	23.5
Mass transportation loans.....	BA		100	100		10.0	10.0
Subtotal.....		1,875	1,550	3,425	288.0	45.0	333.0
Grant programs:							
Urban renewal grants.....	CA	2,000	2,500	4,500	252.9	3.0	255.9
Urban planning assistance.....	AA	20	80	100	6.0	3.0	9.0
Public housing: ¹							
Annual contributions ²	CA	(336)		(336)	172.8		172.8
Demonstration grants.....	AA		10	10		2.0	2.0
Open space grants.....	CA		100	100		2.5	2.5
Mass transportation demonstration grants ³	CA		(50)	(50)		2.0	2.0
Subtotal.....		2,020	2,690	4,710	431.7	12.5	444.2
All other HHFA programs and activities.....		(⁴)	(⁴)	(⁴)	-115.7		-115.7
Total, HHFA.....		4,845	4,990	9,835	829.0	122.5	951.5
Programs of other agencies:							
VA direct housing loans.....	BA	1,575	1,200	2,775	115.0	300.0	415.0
Farm housing programs.....	BA	(⁴)	(⁵)	(⁵)	5.0	40.0	45.0
Subtotal.....		1,575	1,200	2,775	120.0	340.0	460.0
Total, housing bill.....		6,420	6,190	12,610	949.0	462.5	1,411.5

¹ Key: BA—Treasury borrowing authorization.
CA—Contract authority.

AA—Authorization for appropriations; new obligational authority when actually appropriated.

² Assumes use of \$79,000,000 balance of contract authority, which otherwise would be unavailable, to place under contract approximately 100,000 units of low-rent housing. Effects of additional subsidy for units occupied by elderly persons and families cannot be estimated with available information.

³ Senate committee bill authorizes the Administrator to contract to make up to $\frac{3}{4}$ grants for mass transportation demonstration projects. The \$50,000,000 authorization for this purpose would be part of the total urban renewal contract authorization.

⁴ Not applicable.

⁵ Assumes use of Treasury borrowing authority which would otherwise have expired for commitment purposes.

INDIVIDUAL VIEWS OF SENATOR ROBERTSON

I am opposed to this extravagant and inflationary omnibus housing bill. This single bill calls for about as much money as has ever been authorized in all previous housing acts for most of the programs included. The total amount of additional Federal loans and grants in the bill would exceed \$9 billion, and most of it would require some kind of backdoor Treasury financing.

Enactment of the bill would increase the budget deficit in the next fiscal year by nearly one-half billion dollars. Even without the bill, the budget deficit will be at least \$3 billion, and probably a good deal more. Under these circumstances, the Federal Government should not assume the additional inflationary burden that this housing bill would impose.

URBAN RENEWAL

I oppose expanding the urban renewal program by as much as \$2.5 billion to a \$4.5 billion total.

To make Federal aid more effective, we should spread grants more widely by reducing the Federal share of overall renewal costs, now generally two-thirds, to one-half. Both the Federal and the local share should be paid solely in cash. With these changes, each dollar of Federal aid would go one-third further. For the first time, localities would contribute toward urban renewal to exactly the same degree and in exactly the same form as the Federal Government.

PUBLIC HOUSING

I oppose expanding the Federal low-rent public housing program by about 100,000 more units. For these units, costing an average of \$14,000 each, future Congresses would be bound to appropriate as much as \$78.5 million over each of the next 40 years. This maximum of \$3.1 billion would be payable under a form of back-door Treasury financing.

Already, we have authorized up to \$257.5 million a year to supply public housing at subsidized rents to a relatively few beneficiaries at the expense of all taxpayers.

40-YEAR, NO-DOWNPAYMENT LOANS

I oppose the new 40-year, no-downpayment—that is, no equity—FHA insured loan program. It would include for 2 years, on an “experimental basis,” all so-called moderate income families, in other words, nearly everyone.

This new program would do little to lower total monthly housing expenditures of home buyers. Long-term borrowing outlays would actually be increased. The rate at which homeowners save to build up protective equities in their properties would be reduced.

UNSOUND PRECEDENTS

Under the 40-year no-equity program as well as several other programs in this bill, the Federal Government would promote home

borrowing—not homeownership and saving—and under unsound financing terms. In return, the risks underwritten by the FHA would be greatly increased.

Even so, the bill would give FHA discretionary authority under several programs to pay insured claims in the event of default instead of waiting until after foreclosure and to pay accrued interest besides principal and other eligible items. Under one program, FHA also would have the option of paying in cash or (as at present) in debentures.

These unwise precedents could be extended later to all FHA programs. They would undermine FHA's traditional coinsurance philosophy. Shifting nearly all lending risk away from private mortgagees to the Government would encourage unsound lending practices and would greatly increase FHA's need to build up reserves. It would also put the Federal Government in the unwelcome business of curing or foreclosing troublesome loans. Although FHA's risk would rise, the bill would give FHA discretion to reduce—not increase—insurance premiums.

SUBSIDIZED RENTAL HOUSING

I oppose the subsidized "below market rate" FHA program in this bill. Most, if not all, loans made under this program at interest rates as low as 3½ percent would be purchased by FNMA with its additional \$750 million for this and other types of subsidized special assistance. The entire arrangement would represent an expensive subsidy involving indirect Federal lending incorrectly justified as a private-market type of operation.

EXCESSIVE LOAN PROGRAMS

Besides the additional \$750 million for indirect Federal loans through FNMA, the bill would authorize \$1,350 million for college housing loans, \$150 million for mass transportation and other public facility loans, \$50 million for housing-for-the-elderly loans, and \$1.2 billion for VA housing loans. The total of \$3.5 billion in direct and indirect Federal loans is one measure of how far this bill departs from the everyday operations of our private free enterprise system.

HOME IMPROVEMENT LOANS

I oppose the new home improvement program. It would authorize FHA to insure no-downpayment home improvement and rehabilitation loans of as much as \$10,000 for as long as 25 years. These terms, on loans which would be Federally insured, are unsound. No specific type of collateral would even be required.

OPEN SPACE

I oppose the new \$100 million open space program. This is no time to initiate new backdoor Federal grant programs requiring deficit financing, particularly to help communities acquire nonproductive local real estate. More study should be given before the Congress decides to underwrite speculative land profits with Federal credit. The current urban renewal law deals adequately with the subject.

A. WILLIS ROBERTSON.

INDIVIDUAL VIEWS OF SENATOR CAPEHART, SENATOR BENNETT, AND SENATOR BEALL

GENERAL STATEMENT

The proposed Housing Act of 1961 is the most complex and the most expansive of all housing bills ever presented to the U.S. Senate. It covers such a multitude of programs that explanations of some of the features of the bill result in complete confusion.

In an omnibus bill such as this, it is quite doubtful that any Senator could find all items to his liking or all items to his disliking.

This statement is intended to cover the more important phases which we feel should be reconsidered on the Senate floor.

Emphasizing the expansive effect of the bill is the fact that the program authorizations are nearly equal to all of the authorizations for the same programs ever made in all previous housing bills enacted by Congress.

This feature alone creates considerable room for controversy. It raises a grave question as to where housing spending authorizations might go in the future. The means we use to reach the goal of a decent home for everybody may be causing homeowners who now are skimping to meet their increasing taxes and other family obligations and retain their homes to reflect on the oft-appropriate Biblical reference: "robbing Peter to pay Paul."

FUTURE COMMITMENT OF AUTHORIZATIONS

Some of the authorizations in this bill extend over many future years which raises the question as to the wisdom of the Congress to commit itself to such vast amounts for future use. We believe it is a wiser procedure to commit for shorter periods in order to more aptly meet the needs on the basis of a current examination of the program.

In fact, the excesses in this bill were prompted by the contention that the homebuilding industry needs a "shot in the arm." If that is an accurate assumption it only points up the reasonableness of constant evaluation of the needs rather than long-range determinations. Housing starts should not alone be used as a barometer to activate new and far-reaching Government subsidies. There are figures indicating homebuilding in the last few years has gone beyond the immediate saturation point.

In its effort to reach an undefined "moderate income group," the bill introduces a wide and unprecedented policy of nonequity housing which we feel is entirely unsound and unreasonable.

This policy is incorporated in a program to permit 40-year no-downpayment loans on three types of "moderate income" housing: One-to-four family dwellings, rental housing of five or more units under profitmaking mortgagors, and nonprofit rental projects of five or more units.

BELOW MARKET RATE SALE

In the third category of loans the bill establishes another drastically liberal feature of permitting the sale of mortgages at below market rate. Sale provisions in the other two are "at market rate."

Even the sponsors of the bill are "cautious" in their predictions for the future of such a program. Some idea of the effect of the proposed mortgage conditions is contained in a study by Mr. Roy Wenzlick of the Roy Wenzlick Research Corp., on the hypothetical purchase of a \$13,500 home under the provisions of this bill.

If replacement costs remained the same, he pointed out, the house would not be worth on the market what remained in the mortgage at the end of 20 years. It would take 7 years and 1 month to pay an amount on the mortgage equivalent to a standard 6-percent sales commission on the house.

The study also showed the cumulative interest would total \$19,883, or 147 percent larger than the cost of the house. He wrote in his report:

A mortgage lender making 100-percent loans on a 40-year basis would not be lending on real estate. His security would lie entirely in the FHA insurance.

Obviously, the supporters of the new program anticipate the same result since the bill provides for an increase of \$750 million in FNMA authorizations which could be intended to meet a sizable drain on those funds.

MORTGAGE MONEY RESTRICTION

Our feeling that participation in the 40-year program by private lenders would soak up available mortgage funds is confirmed by testimony of witnesses before the committee representing the commercial banks of American who hold nearly \$29 billion in mortgage loans and by members of the U.S. Savings and Loan League, who hold mortgages totaling almost an equal amount.

The bankers said:

Extending the term of the mortgage to 40 years would reduce the flow of repayments each year and thus restrict further the supply of available mortgage funds.

The league said:

We share the concern already expressed by some members of the committee and witnesses as to the wisdom and practicality of 40-year, no-downpayment FHA loans. We recognize that "cries of alarm" which greeted the lengthening of maturities to 15 years, or 20 years, or 30 years, have proven largely unjustified. Nevertheless, there is a "point of no return" on maturities. When maturities extend beyond 30 years, and certainly at 35 years, the accumulation of equity during the first decade of ownership is so small as to run behind normal depreciation. Of course, during periods of substantial inflation, this race between the equity accumulation and depreciation is largely academic, but no legislative program should be based on the assumption of continuous inflation.

These two groups of private mortgage lenders hold nearly half the value of all outstanding home mortgages and their concern about such a program should be our concern.

Still another unprecedented departure from past housing programs was originally incorporated in several sections of the bill which offered an option of cash or debentures in the payment of default claims. The provision was removed by the committee from all but the third or "below market rate" category of the moderate income program. If such a practice is objectionable for some sections of the bill it should be objectionable for all sections.

HOME IMPROVEMENT PROGRAM

The nonequity philosophy of the new bill also envelopes a new home-improvement program which is designed to cover all those homeowners not now covered by the existing FHA home-improvement program but with much higher dollar limits and much longer maturities and with no downpayment.

This program would permit any homeowner in the Nation to borrow up to \$10,000 for 25 years at an interest rate of about 3½ percent for any home improvement approved by the Housing Commissioner. The borrower needs only to provide whatever security on the loan is prescribed by the Commissioner since no security is specified in the bill.

We have grave fears that this provision will attract a good many borrowers whose intended use of the subsidized improvements would not be needed to bring the living units within the recognized standards of decent homes and who would not seek to make these improvements if the 25-year proviso were not available.

MORE PUBLIC HOUSING

The bill's authorization of 100,000 additional public housing units far exceeds the needs as demonstrated in testimony taken by the committee. The use of previously authorized units does not justify now any number greater than the 37,000 units approved by the Senate in 1959.

Administration testimony showed that as of March 31, 1961, there were 51,353 units in the pipeline and not yet under annual contributions contracts. It also showed that of the 37,000 units voted by Congress in 1959, 19,897 will be under contract by June 30, 1961. This leaves 31,456 units to be charged against the new authority.

HHFA Administrator Dr. Robert C. Weaver said in his testimony that applications for public housing units have been coming in at only a fraction of the number of units authorized.

Surveys have indicated no great increase in the tempo of applications can be expected in the future due to the difficulties being experienced by local public housing authorities. One of these difficulties is the high cost of land available for public housing.

Previous experience has also proven that the number of units listed in the pipeline includes many which will never be carried to completion. We believe, therefore, 35,000 units will meet all requirements for the coming year and will greatly reduce the \$78 million additional contribution authority which would be needed if 100,000 units were approved.

URBAN RENEWAL INCREASED

We also feel the 4-year needs of the urban renewal program in capital grant authorization can be fully met with a much smaller amount than the \$2.5 billion asked in the bill.

Reliable testimony in previous years indicated the areas in which sizable urban renewal projects could be expected to be developed, probably could not absorb more than \$400 to \$450 million per year for the 4-year period. Experience has proven that even these figures are high.

A feeling exists among some members of the committee that a new look should be given by the Congress to the Federal shares paid under the urban renewal contracts.

HOMER E. CAPEHART.
WALLACE F. BENNETT.
J. GLENN BEALL.

SUPPLEMENTAL VIEWS OF SENATOR CAPEHART

As a member of the Senate Banking and Currency Committee for nearly 17 years, I have supported good, sound housing legislation. In fact, my position on housing has at times been considered more on the liberal than on the conservative side.

Throughout these years we have developed a housing program which is regarded as generally successful in meeting the basic needs and at the same time keeping within the current ability of the people to meet those needs.

I have been a party to establishing terms by which home buyers in the middle and lower income brackets can finance homes; I have supported each year public housing units in greater number than were applied for by local governing bodies; I authored the first housing bill that provided for urban renewal as we know it today.

My record is well known as favoring efforts to house our war veterans; housing our college students; housing our married men in the Armed Forces; and providing homes for the elderly.

The net result of those votes has been participation in a housing program we have been able to look upon as more than sufficient.

Now we are faced with proposed legislation that, in its entirety, would explode a sound housing program into a mass of uncontrollable pork barrels which might well help to destroy homes faster than it would build them.

Forty-year, no-downpayment, no-equity loans for moderate-income families could result in housing for that class at less cost than is paid by those occupying public housing. It is a giant step toward government-insured financing for all future housing in the United States. In addition, "below market rate" sales of mortgages are permitted in the rental and cooperative sections of this new program.

Another proposal that stretches far beyond reason is the home improvement provision which gives every homeowner an up to \$10,000 nonequity, no-downpayment, 25-years-to-pay loan to build a porch, install air-conditioning, or in some other manner improve his home.

DANGEROUS CONCEPT OF BUSINESS

These two programs bring forth into our Government housing functions a new and dangerous concept of doing business with the taxpayers' money. The no-equity approach violates business principle and at the same time is destroying the very purpose of the housing program by eliminating from the transactions any semblance of responsibility on the part of the home buyer or homeowner.

I have no quarrel with the argument that those people just above the public housing income group and just below the group which can afford conventional home financing need some consideration from a government that constantly contends everybody ought to have a decent home.

We have been approaching such a goal at the rate of far more than 1 million housing units a year without placing too much doubt on the security of the taxpayers' dollars, but if no equity loans for homes for one group of citizens are warranted to step up our pace toward homes for everybody, then we must surely face the possibility in the very near future of extending no-equity subsidies to the next higher, and next higher, and next higher income groups.

A downpayment on a home is what makes a man a homeowner. If he is not to be a homeowner, then we ought to be honest and classify the new proposal as a new "higher than low rent housing program."

Likewise, I have no quarrel with the idea of helping a homeowner improve his home. Such a practice, in the years ahead, may reduce the rehabilitation program and might even prevent future slums. But I believe the taxpayers would feel the borrower ought to give some security that he will pay back the taxpayers, but such a requirement is not spelled out in the bill.

The best housing minds we have in the Senate are anything but optimistic about this moderate income program being successful and properly refer to it as "experimental." I firmly believe sufficient question has been raised in committee testimony to warrant further study of this program before the Congress acts.

It was shown in testimony before the committee that considerable doubt exists as to whether private mortgage funds would be invested in the "below market rate" section of the bill for the sale of mortgages.

ADDITIONAL FNMA BURDEN

Further, the testimony showed that if private mortgage money were invested the program would eventually soak up the mortgage money market because of the low rate of repayment of principal over the 40-year period.

Because of this serious fault in the program, the bill provides for additional authorization of \$750 million in FNMA funds—an admission that it is expected that FNMA will be called upon to carry the burden of the program.

The new home-improvement section of the bill is completely unsound from a business point of view and should cause its supporters to search their consciences for assurance they are not violating any pledges to the taxpayers about proper protection of the public funds.

If the loan period and amount were reasonable, the failure to specify a form of security on the loan would in itself be sufficient to oppose this section. The successful FHA home-improvement program now in existence should have been used as a model for any proposal to extend the home-improvement feature.

Why jump from the \$3,500 and 3- to 5-year loan provisions of the present program to \$10,000 and 25 years provided in the new program? It is unsound and unreasonable when new homes can be purchased for \$9,000 with 40-year loans in the new program.

I oppose the bill's requirement for authorization of 100,000 public housing units. I oppose it, not as an anti-public-houser, but as a supporter of public housing. My State needs and has little public housing, but I recognize the needs of some sections of the country. Cities are not clamoring for 100,000 more units. Cities are not using

the units Congress has been approving in recent years. The record is clear. There is difficulty in land acquisition in the cities at prices and in locations suitable for public housing. We have been meeting the need, and more.

Somewhat the same position must be taken with respect to the amount set out in the bill for urban renewal capital grant authorizations. Here we find that past authorizations have more than met the demands and while we must accept the possibility that increased authorizations may be needed in the future, there has been no evidence that the demands warrant authorizations of more than \$1.8 billion for the next 4 years.

HOUSING PROGRAM SUFFICIENT

There are many smaller items in the bill which I feel do not improve the proposed legislation, but overshadowing those provisions is the dominating specter stumbling blindly beyond soundness and reasonableness in a mad rush to build houses in the belief that they will soothe all our aches and pains.

It is as though nobody believes that a drop in housing starts could possibly be due to anything else but an insufficient housing program. The U.S. News & World Report, a reputable reporting magazine said in its May 15, 1961, issue:

Homebuilding, unless heavily subsidized, is not likely to provide the lift to business activity that it has in recent periods. Fact is that home construction has exceeded demand in each of the past 4 years.

It goes on to point out that the occupancy rate has persistently declined in all dwellings since 1957.

Every time the housing starts drop below the highest peak year somebody pushes the panic button and off we go midst a hail of housing amendments. I say our housing program has been sound and reasonable and successful and we should keep it that way.

HOMER E. CAPEHART.

SUPPLEMENTAL VIEWS OF SENATOR BENNETT

In addition to my views as expressed in cooperation with Senator Capehart and Senator Beall, I would like to further raise a warning voice against certain provisions of S. 1922.

This bill offers three neat "hidden tricks" whereby public housing is offered to medium-income families under the cloak of the generally-accepted section 221 program formerly limited to displaced persons.

First, this bill offers a 40-year, no-downpayment loan on a residence of up to \$15,000 in the case of sales housing.

To illustrate the effects of a 40-year mortgage, I call attention to a table inserted in the hearings, based on 1961 prices, showing that a mortgagor with a \$13,500 mortgage (as opposed to \$15,000 for the sec. 221 sales housing program) acquires no equity in this residence until at least 20 years have passed. I refer my colleagues to page 800 of the Senate subcommittee hearings.

The emotional and financial ties are broken down in a no-equity situation lasting 20 or more years. There is little to encourage the mortgagor to hang on to the property. He can walk off and leave it to the Government at any time.

A mortgage lender making 100 percent loans on a 40-year basis would not really be lending on real estate. Rather, his security would rest entirely in the FHA insurance and the probability that he would be buying FHA debentures is quite clear. The result is little different from public housing.

A second far-reaching provision of this bill would extend a form of public housing to moderate-income families under the "below market rate" provision. Under this provision, a local public body, which includes public housing authorities, would be able to obtain Treasury funds at interest rates as low as 3½ percent, and at 100 percent of cost, to build and operate rental housing for moderate-income families, with the mortgages eligible for purchase by FNMA.

The Federal Housing Administration and the Federal National Mortgage Association are brought into the picture only by debasing their underlying economic soundness. The result is the same—Government-owned shelter to a new tenant class—America's middle class—at subsidized rents.

On the one hand, private enterprise will endeavor to build FHA rental housing by paying the regular 5¼ percent rate for rental housing mortgages. But a local public housing authority will be able to borrow the taxpayers' money at 3½ percent. Thus would the Congress extend public housing to America's great middle class—a step which is fraught with tremendous implications for our American way of life and our private enterprise system.

There is a third "hidden trick" in this bill. Title II of the bill authorizes home improvement and rehabilitation loans of up to \$10,000 per dwelling unit for a period of 25 years. This is a sweeping change from the current program for home improvements of \$3,500 for 5 years for single-family homes or \$2,500 per unit for 7 years for

multifamily structures. A smart person could tie this feature together with the 40-year, no-downpayment mortgage and come up with almost a \$25,000 total loan in the case of sales housing with a 25-year mortgage on one part and the remaining portion of a 40-year mortgage on the other part, both with no downpayment. It would simply be a matter of building the units in two steps. The first step would be the 40-year mortgage for a basic part of a unit. Then, after a few years, the mortgagor could add additional rooms under the \$10,000, 25-year rehabilitation program and allow both mortgages to run concurrently, with no downpayment in either case. Thus, instead of a \$15,000 dwelling we have now granted \$25,000, less any amounts paid on the basic mortgage.

One of the most incredible aspects of the consideration of this legislation was the failure of the Administrator of the Housing and Home Finance Agency to rely upon the 1956 housing inventory by the Census Bureau as to the housing status of America's great middle class. Perhaps the reason for the Administrator's neglect in this respect is because the 1956 housing inventory does not substantiate his allegation that America's middle class is unhoused, trapped, as he infers, between public housing on the one hand and luxury housing on the other.

The 1956 housing inventory contains information as to home mortgage status by income categories. The breakdown in the \$4,000 to \$6,000 group is as follows. In 1956, of the 6 million American families in this income group:

(a) 1,819,485 had a conventional mortgage;

(b) 1,188,547 had a VA mortgage;

(c) 698,570 had an FHA mortgage;

(d) There were some 2½ million families in the \$4,000 to \$6,000 income group in 1956 who purchased with a mortgage but who held free and clear at the time of the 1956 inventory of housing; and

(e) In addition, many acquired their homes without a mortgage. There were over 1 million in this category.

As to the condition of these nonmortgaged properties, 93 percent of these occupied by the \$4,000-\$6,000 income group were not dilapidated.

These are official census figures. They repudiate the allegation that moderate-income families need a new form of public housing.

If the Congress does not want to accept the 1956 housing inventory, it ought at least to wait a few months until the housing part of the 1960 census will be available, and the Congress will be better able to judge the condition of housing for moderate-income families.

The above are examples of the hidden tricks in this bill. There are many others. My point is that Congress should put a spotlight on this legislation and beware of the subtleties it contains.

My concern over this legislation is broader than the specific points I have raised here. I have a philosophical aversion to continually expanding the Federal role in housing to serve as a political crowbar whereby Senators and Congressmen promise ever-greater Federal assistance each year in the hope of buying political favor.

Take, for example, the basic section 203 program, first enacted in 1934. Under the original law, the ratio of insurance to loan value was 80 percent and the mortgage limit was for 20 years for a home up to \$16,000. In 1938 the ratio of insurance to loan value was raised to

90 percent for the first \$6,000 of a mortgage and the term was extended to 25 years. In 1948 the ratio of insurance to loan value was raised to 95 percent for the first \$6,000 of the mortgage and the term was extended to 3 years. In 1954 the dollar limit was raised \$20,000 and the 95-percent ratio applied to the first \$9,000 of that mortgage. In 1957 the ratio was raised to 97 percent of the first \$10,000 of value and finally, in 1959, the 97-percent ratio applied to the first \$13,500 of value and the 90-percent rate applied to the next \$4,500 and a loan could be insured up to \$22,500 for 30 years.

This illustrates the trend in one of the most basic of our programs. Now we have a proposal for a 40-year mortgage with no downpayment for medium income families. This is a new program beginning from a much higher plateau. How far can we go? It seems that this is about the limit in offering liberal provisions for downpayment and mortgage terms. However, maybe next year a proposal will come forth which would even offer a \$1,000 grant to someone agreeing to sign one of these mortgages.

I think that we should step away from the trees and take a look at the forest and reassess our position. Do we want to maintain our traditional free enterprise philosophy with respect to housing, or do we want to replace that with complete federalized welfare housing for our citizens?

WALLACE F. BENNETT.

SUPPLEMENTAL VIEWS OF SENATOR JACOB K. JAVITS

I believe that S. 1922 as reported by the Committee on Banking and Currency represents a major forward step in the vital national economic area of housing and contains a number of innovations and improvements in the national housing picture which are sorely needed. However, I feel that with respect to those provisions dealing with housing for moderate income families the committee has failed to adopt a program which would best deal with the needs concerned.

The bill's combined FHA-FNMA moderate income housing approach, represented by the 40-year, no-downpayment, below-market-interest-rate mortgages, which would, in the normal economic course of events, have to be purchased by FNMA through Treasury-supplied special assistance funds, represents a serious attempt to meet this need. But it does so through the use of existing machinery which is ill adapted to this kind of program: FHA, the entire basis of which has been the insurance of privately financed mortgages on a market-interest-rate basis. As a result, the new program cannot help but to be a "stepchild" in the Federal Housing Administration. In addition, the program will represent a continuing and unpredictable drain on public funds through the commitment for FNMA support of mortgages which by their very nature are unlikely to be sold effectively in the open market. The program also represents a drain on FHA reserves itself, in that it permits FHA "insurance" without the payment of an FHA premium, and admits the fallacy of this approach by specifically authorizing such appropriations as may be necessary to make up for losses to the insurance trusts funds from these mortgages.

I offered in committee a substitute for these provisions consisting of a unified, coordinated, and concentrated program for moderate income family housing, based on the economic realities of mortgage financing and the needs of such families, and paralleling closely the existing middle income program in New York State, which has behind it the solid experience of effective operation. My amendment would establish a coordinated program of low-interest loans for nonprofit or limited profit rental and cooperative housing, securing its funds from the private economy through the establishment of a new Government-owned corporation, similar to the Mitchell-Lama housing program in New York State.

This program which was before the Committee on Banking and Currency in both the 86th and 87th Congresses, was reported to the Senate at the end of the 1960 session, but was not reached for floor consideration. In the 1960 session the testimony of witnesses who had created and operated the program in New York State, which represents 10 percent of the entire U.S. housing market, convinced the committee at that time not only of the needs for moderate income family housing but of the effectiveness of this approach.

The New York program, which operates both on the State and city levels, and which began operations in 1956, has so far resulted in the completion of 18 projects with 3,764 dwelling units at a development cost of \$56,866,437, at average rents or carrying charges of \$20 to \$21 per room. In addition, there are in various stages of construction, planning, and approval by the agencies concerned, another 60 projects with 26,425 dwelling units, involving total mortgage commitments of more than \$400 million and project costs over \$450 million. These projects will have rentals and carrying charges in the area of \$22 to \$31 per room.

Projects under this program have ranged from two developments for the elderly only, which were built in Rochester, N.Y., to large developments—one now in process will consist of 5,500 units financed in part with loans from the State employees and teachers retirement funds. Sponsors have included not only private builders and cooperative groups, but unions, including the Amalgamated Meatcutters & Butcher Workmen of North America, foundations, and others. A table showing the present status of these programs appears below:

TABLE 1.—*New York State limited profit housing program*

Project status	Proj- ects	Dwelling units	Develop- ment cost	Mortgage loan	Average room rent or carrying charge
State program:					
Completed.....	13	2, 244	\$33, 738, 370	163, 088, 400	{ \$20 1 20-24 (2)
Under construction and in progress.....	10	10, 286	152, 969, 230		
Approved.....	17	4, 693	(2)		
Total, State program.....	¹ 40	² 17, 223	(2)	239, 093, 400	(2)
New York City program:					
Completed.....	5	1, 520	23, 128, 067	20, 066, 340	21
Under construction and in progress ⁴	12	3, 795	64, 736, 175	56, 719, 250	22
In planning and site approved.....	21	7, 651	(2)	111, 475, 000	(2)
Total, New York City program.....	³ 38	12, 966	(2)	188, 260, 590	(2)
Grand total.....	78	30, 189	(2)	427, 353, 990	(2)

¹ One project at \$31.

² Not available.

³ Includes 30 in New York City with 16,116 dwelling units and 10 upstate with 1,107 dwelling units.

⁴ Includes projects under construction, approved by board of estimate and city planning commission, and pending before city planning commission.

⁵ In addition, there are 6 additional city sites which have received tentative approval for which no cost has been allocated as yet, further, there are 3 on which approval is pending for which there is no cost allocated as yet.

Source: New York State Division of Housing; New York City Housing and Redevelopment Board, director of project services.

The middle income families for whom this housing is intended is the large segment of our population whose incomes are too high for the publicly assisted low-rent housing, but whose incomes preclude them from purchasing or renting new housing financed under existing programs, with a total monthly housing expenditure of 20 percent of the normal stable income. The only Treasury funds involved would be an initial "seed capital" of \$100 million, which would represent the capital stock of the corporation, subsequent to which all funds used by the corporation for its loans to eligible projects would come from the sale of debentures on the private market. These funds would be reloaned with an additional charge covering administrative costs and the establishment of adequate reserve funds.

A key to the effective operation of the program at cost levels which would result in real moderate income housing is the reduced interest costs to the project, limitation of profits to builders and investors, the encouragement of partial tax abatement by the locality and technical planning assistance for lower cost construction, while enabling private enterprise to, throughout the Nation, better serve U.S. housing needs without substantial impact on the Treasury or prejudicial impact on the budget.

Attached as an appendix are the pertinent excerpts from the 1960 Report of the Committee on Banking and Currency on my moderate income housing program, which sets out in detail the strong justification for its adoption and a section-by-section analysis of the proposed amendment.

JACOB K. JAVITS.

APPENDIX TO SUPPLEMENTAL VIEWS OF MR. JAVITS HOUSING FOR MODERATE-INCOME FAMILIES, AND FOR ELDERLY PERSONS

[S. Rept. 1614, 86th Cong., 2d sess.]

* * * * *

The Committee on Banking and Currency, to whom was referred the bill (S. 1342) to create a Federal Limited Profit Mortgage Corporation to assist in the provisions of housing for moderate-income families and for elderly persons, having considered the same, report favorably thereon with an amendment, and recommend that the bill as amended do pass.

* * * * *

INTRODUCTION

Proposals designed to provide Federal assistance for housing families who are not eligible for low-rent public housing, but who cannot afford decent privately financed housing, are not new to this committee. Rather consistently since 1950, the housing problems of low- and middle-income groups have been considered by the committee, and several reports recommending favorable action in behalf of these groups have been made. As recently as April 15, 1960, the Subcommittee on Housing of this committee made a report on its study of mortgage credit and, among other things, reiterated the pressing needs of middle-income families. The subcommittee reached the following conclusion:

Existing institutions available to help achieve the national housing policy of "a decent home and suitable living environment for every American family * * *" are inadequate. It is evident that families of low and moderate income cannot be housed decently, within the foreseeable future, unless new programs for this purpose are fostered by the Federal Government, or by State and local governments, or by all levels of government.

S. 1342, introduced by Senator Javits, for himself and Senator Clark, was included in hearings held by the Subcommittee on Housing during the period May 9-27, 1960. The committee received the comments of interested departments and agencies of the Government. In general, these comments were not favorable, raising questions which will be discussed later. During the hearings, many witnesses gave enthusiastic support for the bill and answered questions regarding the practicability of the proposal. Competent witnesses from the State of New York related the success of a New York State program similar to the one proposed in S. 1342.

The committee carefully considered the bill, and the views of those who favor it and who oppose it; and, after amending it in several respects, recommend it for the favorable consideration of the Senate.

PURPOSE AND NEED FOR LEGISLATION

The hearings of the Subcommittee on Housing in its study of mortgage credit (1958-60) contain a consistent series of statements by witnesses from various walks of life—college professors, mortgage bankers, consulting economists, and others—that existing Federal programs do not provide housing for low- and middle-income families. The following excerpt from the report of the subcommittee summarizes these views:

Most outspoken in calling the attention of the subcommittee to the plight of the low- and moderate-income family, and the need for Federal aids to help provide them decent housing, were Dr. William Wheaton of the University of Pennsylvania, and Mr. Charles Abrams of the Massachusetts Institute of Technology. Both of these men pointed out the high cost of financing home construction and suggested methods to reduce these high costs through Federal aids.

Other witnesses also testified about the need for special attention to housing problems of low- and moderate-income families. Mr. H. E. Riley of the Bureau of Labor Statistics said:

“Although the bulk of the housing need can be met in the future, as in the past, by private builders, operating for a profit, there remains a segment of the population with substandard incomes who will require special Government assistance if they are to occupy housing meeting reasonable standards.”

Mr. James N. Morgan of the University of Michigan pointed to the failure of the FHA program to meet the needs of the low-income family. He said that “there is a real problem at the very bottom of the income scale that neither the FHA nor public housing is really helping.”

He also said that “data seem to show that FHA does not really help people with very low incomes, that they have to go to conventional lenders and probably pay a higher interest rate, which they are perfectly willing to pay.”

Mr. Morgan's theme was that many of these low-income families have such an urgent desire for better housing that they would be willing to make great sacrifices in order to have decent shelter.

FHA experience was pointed out by Mr. Abrams when he reported that “during 1957, only 5.7 percent of all new single-family homes insured by FHA were purchased by families with an effective income of \$4,200 or less”; also, that “the median effective income of purchasers of single-family FHA-insured homes was approximately \$6,600 annually.”

Mr. Abrams, who prepared his paper in collaboration with Mr. Morton Schussheim of the New York State Rent Commission, stated further “that median income (before taxes) of spending units in the United States in 1957, according to the Survey of Consumer Finances, was \$4,350 annually and only 31 percent of all families had incomes of \$6,000 a year or more.”

Mr. Abrams contended that public housing, in which rents are subsidized by the Federal Government, is not the answer to better housing for low- and moderate-income families. A homeownership program is needed and this can be achieved primarily through a reduction in the carrying charges of the loans. He presented the following table to show the reductions in carrying charges that could be achieved by reducing interest charges. The table also demonstrates the effect of lower interest charges in making new housing available to lower-income groups. For example, a 3-percent, 35-year loan would require a monthly housing expense of \$89, compared with a 5¾-percent, 25-year loan requiring \$119 a month. The lower monthly cost could be carried by a family making \$4,272 a year, whereas the higher cost would require a yearly income of \$5,712.

TABLE 35.—*Estimated monthly housing expense and required annual income*

[Composite for Nation, mortgage of \$12,000]

Cost items ¹	FHA loan, 25 years, 5¾ percent	3-percent loan, 35 years	2-percent loan, 35 years	0-percent loan, 35 years	0-percent loan, 45 years
Interest and amortization.....	\$76	\$46	\$40	\$29	\$22
Real estate taxes.....	18	18	18	18	18
Heat and other expenses.....	25	25	25	25	25
Total.....	119	89	83	72	65
Required gross annual income ²	5, 712	4, 272	3, 984	3, 456	3, 126

¹ Based partly upon financial characteristics of mortgagors and properties, new homes purchased with FHA sec. 203 insurance in 1957. Housing and Home Finance Agency, 11th Annual Report, 1957, table III-53, p. 116.

² Assumes that ¼ of monthly income is spent on housing.

In order to make housing loans at a low rate of interest, a Government subsidy would be required. Mr. Abrams proposed the establishment of a Government corporation with borrowing powers similar to FNMA, the Federal home loan banks, and the Federal land banks. Any deficit incurred by the Corporation as a result of lending at a low rate of interest and borrowing at a higher rate of interest would be made up by annual appropriations. Mr. Abrams estimated that on every \$1.3 billion loaned, maximum annual contributions would be \$39 million. This would make possible direct Government loans at subsidized interest rates to 100,000 low- and moderate-income families.

Without taking a position regarding the advisability of a Federal housing subsidy for middle-income families, Prof. Sherman J. Maisel, of the University of California, described for the subcommittee the California veterans' program for homeownership, called the Cal-Vet plan. Since 1921, the State of California has assisted eligible veterans desiring to purchase homes in that State. Under this plan, the State of California raises funds through publicly approved bond issues. These funds are used to purchase homes in the name

of the State of California Department of Veterans' Affairs, and the homes are subsequently sold to eligible veterans at minimum interest rates.

The eligible veteran may enter into a temporary purchase agreement for any home in any location he desires. If the home meets the State agency's standards of construction, price, and value, the agency purchases the home and sells it to the veteran on very liberal repayment terms. The agency also purchases fire, life, and disability insurance at bulk rates and this insurance is sold to the veteran at cost. Thus, the veteran's housing expense is minimized by low interest rates, liberal repayment terms, and minimum insurance costs.

At the present time, the insurance rate to the veteran is 3.5 percent, the maximum value of home which can be purchased is \$25,000, and the maximum amount of State funds which may be used is \$15,000. Eligibility of the veteran depends upon his net worth as it may be indicative of his need for assistance, and upon his ability to repay the loan. Professor Maisel suggested that the California experience might be worthy of consideration as the Congress attempts to find a solution for the housing problems of middle-income families.

The most comprehensive presentation on middle-income housing credit requirements was made by Dr. William Wheaton. His material paralleled that submitted by Mr. Abrams.

According to Dr. Wheaton, an effective middle-income housing program is essential to the health of our cities, to stability in the housing industry, and to decent housing for millions of American families. He defines middle-income families as those whose incomes are too high to permit them to be housed in public housing and too low to be able to afford new privately built housing.

The tables below, concerning Philadelphia, Pa., presented by Dr. Wheaton, show that new housing is generally made available only to the upper third of Philadelphia families. These tables are based upon the assumption that families would be willing to spend 20 percent of their incomes for housing.

TABLE 36.—*Family income distribution, Philadelphia metropolitan area: December 1956*

Income class	Percent	Percent
Under \$2,000.....	12	32
\$2,000 to \$3,999.....	20	
\$4,000 to \$4,999.....	17	
\$5,000 to \$5,999.....	15	32
\$6,000 to \$6,999.....	10	
\$7,000 to \$7,999.....	8	
\$8,000 to \$9,999.....	8	36
\$10,000 and over.....	10	
Total.....	100	100

Source: National Housing Inventory.

TABLE 37.—*Family income distribution and ability to purchase a home, Philadelphia: December 1956*

Income group	Percent of families	Maximum monthly housing payment ¹	House price required ²	Normal housing payment
Under \$4,000.....	32	Under \$66.....	About \$6,000. None produced..	\$50.
\$4,000 to \$5,999.....	32	\$66 to \$100.....	\$6,000-\$10,000. None produced..	\$50 to \$75.
\$6,000 and over.....	36	\$100 and over.....	\$10,000 and up ³	\$75 and up.
Total.....	100			

¹ Assuming 20 percent of income for monthly payment.

² With normal downpayment and financing.

³ The lowest priced new home in the Philadelphia metropolitan area in 1956. Only 3 percent of new dwellings were at this price level; 20 percent were priced at \$10,000-\$12,000, 77 percent were priced over \$12,000. The 1957 average price was over \$15,000. Only 10 percent of Philadelphia families can afford these homes at the average ratio of income to housing expense (15 percent) characteristic of such families.

Source: Institute for Urban Studies.

The above data for Philadelphia are typical for urban places in most of the United States. According to family income data recently released by the U.S. Census Bureau, about 30 percent of urban families had annual incomes in 1958 of less than \$4,000, another 30 percent had incomes between \$4,000 and \$6,000, and 40 percent had incomes of \$6,000 and over.

If new housing is being made available only to families with incomes of \$6,000 and over, only 40 percent of urban families can afford it. This raises the questions—why not house low- and middle-income families in existing houses? Why must new housing be supplied? Is it not feasible to expect the higher income family to purchase new homes and the remaining families to occupy existing homes as they become older and depreciate in value?

Most low- and moderate-income families have obtained decent shelter through the normal operation of a "filtration" process whereby the new homes bought by the higher income families filter down to the lower income group as they become older and depreciate in value. There is nothing wrong with this if it works properly. The only way it can work properly is by maintaining a flow of good reasonably priced new housing at the top and elimination of wornout and dilapidated houses at the bottom. The principal difficulty has been our inability to supply enough new units, thereby requiring the continued use of wornout and substandard units.

Some have advocated that the answer to a smooth flowing filtration process is code enforcement and rehabilitation. The claim is made that adequate housing can be provided for the moderate-income families through a maintenance and fix-up program. There is no question that rehabilitation has great possibilities, but it can never be a substitute for a constant new supply.

Dr. Wheaton said that "the major issue facing the housing economy is the extent to which filtration can be induced by positive credit policy." He theorized that if the home-building industry could be enabled to serve an additional

25 percent of the population, it could presumably produce an additional 200,000 to 500,000 new homes per year. This new volume would force older homes to depreciate in value, and eventually force them off the market.

Dr. Wheaton lists the following items which contribute to the cost of new homes: (1) construction costs, (2) land costs, (3) profits, (4) operating costs, (5) property and other taxes, and (6) financing costs.

There is no question but that constant pressure should be maintained to hold down the costs of these various items. Government policy can be directed in a number of ways to help accomplish this end, for example, through support of research to reduce construction and land development costs. The one item which is most accessible to public control is financing costs. This is the second largest and sometimes the largest single component in housing cost. When families purchase homes on amortized mortgages of more than 30 years' term, they will pay \$20,000 or more for a \$10,000 house. See table below for examples of financing costs.

TABLE 38.—*Total payments per thousand dollars over life of loan for various interest rates and amortization periods*

Interest rates	10 years	20 years	30 years	40 years
6 percent.....	\$1,333.20	\$1,720.80	\$2,160.00	\$2,640.00
5 percent.....	1,273.20	1,584.00	1,933.20	2,313.60
4 percent.....	1,214.40	1,454.40	1,717.20	2,006.40
3 percent.....	1,159.20	1,332.00	1,519.20	1,718.40
2 percent.....	1,104.00	1,214.40	1,332.00	1,454.40

By cutting financing charges in half, the total cost of the \$10,000 house, cited above, over the 30-year life of the mortgage, can be reduced by one-fourth—from \$20,000 to \$15,000.

The table below demonstrates the reductions that can be achieved by various public aids on interest rates:

TABLE 39.—*Estimated total monthly housing expense under various financing terms*

IN TYPICAL NORTHERN CITIES WITH HIGH COSTS

Sales price and downpayment	Total monthly housing expense under—						
	Typical 1956 Federal financing aids			Financing terms required for middle-income families			
	FHA 4½+½ percent 20-year	FHA 4½+½ percent 30-year	FHA 4½+½ percent 40-year	3½ percent 40-year	2½ percent 40-year	1½ percent 40-year	1 per- cent 40-year
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
\$10,000 3-bedroom home:							
No downpayment.....	\$99	\$87	\$82	\$72	\$67	\$61	\$59
5 percent down.....	96	85	79	70	65	60	58
10 percent down.....	93	82	77	68	63	59	56
\$9,000 2-bedroom home:							
No downpayment.....	90	79	74	65	61	57	54
5 percent down.....	87	76	72	64	60	55	53
10 percent down.....	84	74	69	62	58	54	52

HOUSING ACT OF 1961

IN AVERAGE-COST AREAS

\$10,000 3-bedroom home:							
No downpayment.....	\$95	\$83	\$78	\$68	\$63	\$57	\$55
5 percent down.....	92	81	75	66	61	56	54
10 percent down.....	89	78	73	64	59	55	52
\$9,000 2-bedroom home:							
No downpayment.....	86	75	70	61	57	53	50
5 percent down.....	83	72	68	60	56	51	49
10 percent down.....	80	70	65	58	54	50	48

IN LOW-COST AREAS

\$8,000 3-bedroom home:							
No downpayment.....	\$78	\$68	\$64	\$56	\$51	\$47	\$45
5 percent down.....	75	66	62	54	50	46	44
10 percent down.....	73	64	60	53	49	45	43
\$7,000 2-bedroom home:							
No downpayment.....	69	61	57	50	46	43	41
5 percent down.....	67	59	55	49	45	42	40
10 percent down.....	65	57	54	48	44	41	39

NOTES

Cost estimates: All cost data are FHA estimates for new homes built under sec. 203 and insured in 1952. Operating expenses, taxes, and insurance are as follows for the several price classes: \$10,000—\$18.80, \$9.20, \$1.50; \$9,000—\$17.93, \$8.43, \$1.24; \$8,000—\$16.75, \$7.10, \$1.15; \$7,000—\$15.77, \$6.41, \$1.02. Cf. HHFA, 6th Annual Report, p. 280, table 27. In all cases costs used are for value class below price shown to allow for difference between FHA value and market price.

Northern cities: FHA cost data are national averages. They therefore understate heat and utility costs in northern cities. \$4 have been added to FHA estimates to cover this difference in northern cities.

Average-cost areas: FHA cost data.

Low-cost areas: FHA cost data for \$8,000 and \$7,000 homes probably represent cases occurring almost exclusively in southern areas and in smaller towns in such areas. Available data do not reveal major cities in which \$7,000 homes are currently being marketed in significant quantities.

Single homes: All data are for single homes sold for owner-occupancy.

Rental housing: Structures of similar floor area built for rent in typical rental housing projects would probably rent for \$4 to \$8 per month more than the figures shown. This cost difference would arise from higher maintenance materials, fuel, and utilities.

Financing terms:

(1) Conventional FHA-insured, 20-year loan. The insurance charge is approximate.

(2) FHA-insured, 30-year mortgage at 4½ percent plus insurance as proposed in pending legislation.

(3) FNMA-made, FHA-insured, 40-year loan at 4½ percent plus insurance. This rate is below current rates on sec. 220-221 loans.

(4) A 3½-percent, 40-year level payment loan.

(5) A 2½-percent, 40-year level payment loan.

(6) A 1½-percent, 40-year level payment loan.

(7) A 1-percent, 40-year level payment loan.

The need for this legislation is not confined to any one State or locality. However, inasmuch as the State of New York recognized this need and put a State program into operation, the committee heard several witnesses from that State, including a sponsor of the New York law. State Senator MacNeil Mitchell, of New York, coauthor of the New York law, explained that in New York it is difficult for a private entrepreneur to provide rental housing at less than \$40 a room per month. The average needs of middle-income families, he explained, range approximately from \$17 to \$29 a room per month. The alternatives facing the State were, on the one hand, an expansion of the volume of public housing, at a staggering cost in the form of subsidies, or, on the other hand, to find some legitimate inducements for private entrepreneurs to enter this "no man's land," as he described it.

New York chose the inducement to private enterprise, which was described to the committee in the words of Senator Mitchell, as follows:

On our New York State statute books we have had ever since 1926 aids for private enterprise that have consisted

mainly in the form of assistance in land acquisition and abatement of local real estate taxes, but it was not until the enactment of the Mitchell-Lama law in 1955 that any appreciable dent could be made in the middle-income market, providing as it does a most attractive vehicle for private builders.

Limited profit housing companies formed pursuant to this law, and armed with the power of condemnation, may borrow or mortgage from the State or the municipalities up to 90 percent of the development costs of the project for a term up to 50 years. In addition, partial tax exemption is granted up to 50 percent of the completed project cost.

Lest this be considered a major subsidy—because we like to feel that this particular legislation is in no way to be a subsidy—all loans are repayable in full with interest, and we like to think it is strictly a form of private enterprise taking hold of the market. Lest it be considered a major subsidy, I should like to point to the example of the Contello Towers in Brooklyn, now being built under this law on vacant land, and nearing completion.

Originally, the net annual tax return to the city of New York was \$2,000, and the day Contello Towers is completed, with 40 percent tax exemption, it will produce more than \$90,000 annually to the city, more than 45 times the original return.

The law in this case provides for supervision of construction, management, and other costs, and places a reasonable limitation on the return of private investors at 6 percent. On the repayment of the mortgage and tax concessions, the project is removed entirely from Government supervision; and that is normally after a period of 35 years.

I call to your attention, though, that the law has just lately been amended to permit a voluntary withdrawal from such supervision at an earlier date upon repayment in full merely of the mortgage loan. This has a dual advantage of placing the property on the full tax rolls at a much earlier date, while on the other hand providing something that until this minute has been lacking, namely, an incentive to the private entrepreneur on a capital gains basis.

Section 12 would make both the real and tangible personal property of the new Corporation subject to State and local taxation. This section also would permit a borrower to obtain partial or complete tax exemption from State or local political subdivisions, and would exempt the Corporation's franchise, capital, reserves, surplus, income, assets, and other property (except real estate and tangible personal property) from Federal, State, and local taxes. Exemption is also provided on all obligations issued by the Corporation, and the interest paid on such obligations, from Federal, State, and local taxes. With respect to the tax exemption features of the bill, Senator Javits provided the committee a compilation of other Federal statutes providing for the issuance of securities on a tax-exempt basis. This compilation lists 15 Federal statutes affecting corporations, financial institutions, or agencies of the Federal Government with tax exemp-

tion provisions. Thus, it would appear that the tax exemption provisions in S. 1342 are not unusual. This compilation is as follows:

1. Federal Reserve banks (12 U.S.C. 531).
2. Federal land banks (12 U.S.C. 931).
3. Federal Farm Mortgage Corporation (12 U.S.C. 1020f).
4. Federal Intermediate Credit Bank (12 U.S.C. 1111).
5. Central Bank for Cooperatives, Production Credit Association, banks for cooperatives (12 U.S.C. 1138c).
6. Federal home loan bank (12 U.S.C. 1433).
7. Federal savings and loan associations (12 U.S.C. 1464).
8. Federal National Mortgage Association (12 U.S.C. 1716).
9. Federal Savings and Loan Insurance Corporation (12 U.S.C. 1725).
10. Federal housing, certain debentures (12 U.S.C. 1747g).
11. Federal Deposit Insurance Corporation (12 U.S.C. 1825).
12. Reconstruction Finance Corporation (certain securities) (12 U.S.C. 607).
13. Commodity Credit Corporation (12 U.S.C. 713a-5).
14. Standard for Government securities generally (31 U.S.C. 868).
15. Public Housing Administration (42 U.S.C. 1405(e)).

Senator Mitchell explained that a recent session of the legislature had created a State housing finance agency with power to sell up to \$500 million in bonds exempt from taxation. He quoted the former commissioner of housing in the State of New York, Joseph P. McMurray, as saying:

No other housing program of which we have record, whether Federal, State, or municipal, has evidenced such celerity in getting actual construction underway.

Senator Mitchell stated, in opposition to the position taken by the Administrator of the HHFA, that in New York State, FHA and VA loans had not satisfied the market affected by the middle-income housing program. Together with New York State Housing Commissioner James W. Gaynor, he endorsed S. 1342.

J. Clarence Davies, chairman, Housing and Redevelopment Board, New York City, also supported the bill. He stated that the New York State middle-income housing program had helped in alleviating the housing needs of American families who neither qualify for low-income, federally subsidized housing, nor can meet the rental payments of privately financed housing. He stated:

In New York City, for example, an income study conducted by the State in 1956 indicated that more than 88 percent of the city's 2,228,000 families had incomes of \$10,000 a year or less, and that more than 46 percent—almost half of the population—was in the \$5,000 to \$10,000 a year bracket. Now consider this in relationship to the statistics we have in regard to new housing completed. In 1958, less than one-quarter of the private units completed was in the \$85- to \$125-a-month rental range. The average monthly rent per room in privately financed or title I multiple dwellings was \$47—or an average of \$155 per month per dwelling unit.

Cognizant of this problem, the city and the State have moved to establish and strengthen numerous legislative and administrative tools to stimulate the construction of housing

in the moderate rental range. Through these programs we have completed more than 53,000 middle-income units. Almost an equal amount is approved or under construction. In terms of the need, however, this falls far short of the number of middle-income units necessary to serve the community. The gap between demand and potential supply in area becomes sharply evident as we attempt to program urban renewal on a broader community basis, with the desirable goal of providing economically balanced neighborhoods.

It will be noted in the above testimony of Mr. Davies, who is engaged in the everyday practical application of all housing and urban renewal programs in New York City, that he stressed two important points, in addition to the obvious need for middle-income housing aid, namely, (1) that despite the good work of the New York State program, New York City needs a Federal program to supplement the State program, and (2) the progress of urban renewal accentuates the gap between middle-income housing demand and potential supply.

Mr. James W. Gaynor, State housing commissioner, who actually operates the New York middle-income housing program, listed five rule-of-thumb factors that are prime considerations in developing a program to produce housing for middle-income families. This portion of his statement follows:

1. For every decrease in interest rate of 1 percent, rents will decrease at least \$2 per room per month.
2. Fifty percent abatement of real estate taxes will reduce rents approximately \$450 per room per month.
3. Every 5 percent reduction in profit on 10 percent equity will reduce rents about \$1.60 per room per month; or assuming a standard 15 percent profit on investment for conventional housing, limiting profit to 6 percent will reduce rents about \$2.85 per room per month.
4. Tight standards that reduce construction cost \$500 per room will reduce rents about \$3.50 per room per month.
5. Site costs are affected by many variables, but all else being equal, every \$1 per square foot reduction in cost will reduce rents about 30 cents per room. The write-down benefits under urban renewal could therefore contribute a rental reduction of \$1.50 or more per room per month.

These cost reductions applied to the average 4½-room apartment mean a reduction in rent of over \$60 per month. In other words, the same builder who can produce a 4½-room apartment under conventional financing to rent at \$140 to \$160 a month, can, given all of the assistance I have outlined, produce that same apartment to rent at \$80 to \$100 a month. While it is improbable that all of those cost reduction factors would be applicable to the maximum in a given project, the figures indicate the importance of assistance to the construction industry.

The bill that would create the Federal Limited Profit Housing Mortgage Corporation is drawn to produce those results.

With respect to the exodus from cities due to the lack of middle-income housing, Mr. Davies gave the subcommittee some important

information in his capacity as chairman of the Housing and Redevelopment Board of New York City:

The middle-income family is, in a sense, the backbone of any community. We have recognized that New York, following a pattern common to many American cities, has lost more than 900,000 middle-income families during the past decade. Of course, a like number came into the city, but their income level was much lower. This significant change bears heavily upon the city's need to provide special services and facilities, and of course affects our general economy. It is a common bromide of the critics to infer that New York is becoming a city of the very rich and the very poor. While the statistics belie this, there is good reason to take the necessary steps to insure that the middle-income resident is not taken for granted at a time when construction costs and a tight housing market have placed him in a vise which we can and must remove.

The legislation introduced by Senator Javits and Senator Clark (S. 1342) would make available, on a national scale, and for the first time, Federal support for the kinds of programs that New York State and New York City have proved to be successful. On the basis of the numbers of units completed and planned, it is evident that we have had little difficulty in developing responsible and enthusiastic private sponsorship for the kind of moderate-rental housing that is so desperately needed to meet the pocketbook demands of nearly one-half of our city's population.

In this regard, I am sure New York City is not atypical, and that a federally backed program along these lines would bring new housing hope to America's forgotten majority—its middle-income families—and since our cities need to retain their middle-income families it would give, in addition, new hope to them.

It will be noted from Mr. Davies' statement that New York City has lost more than 900,000 middle-income families during the past decade.

Mayor Richard C. Lee, New Haven, Conn., testifying on behalf of the American Municipal Association as chairman of its urban renewal committee, presented the association's recognition of the need for middle-income housing aid and endorsed S. 1342. He stated:

In the area of new moderate-cost housing, we must face one serious fact—it just is not being built. We in AMA have come to the realization that new middle-income housing can be provided only with some form of Government assistance. Our 1960 policy statement includes specific recommendations in this area.

It seems to me that the Javits-Clark bill, S. 1342, which provides for direct mortgage loans would be a good point of departure toward the stimulation of new moderate cost construction.

Nathaniel S. Keith, president of the National Housing Conference, estimated that the "gap" between low-rent housing and private or cooperative housing programs involved more than 13 million families.

He strongly endorsed the bill and called this type of program a necessity in the decade of the sixties, if expansion of housing production to the levels required is to be achieved. Excerpts from his statement, which contain pertinent statistical and financial data, follow:

The subcommittee may be interested in our analysis of the rent levels which might be accomplished under the formula of the Javits-Clark bill. We assume a 2-bedroom apartment in a 2- or 3-story walkup apartment development involving a total development cost of \$12,500 per apartment, which on the basis of experience is about the minimum cost feasible under prevailing conditions in major metropolitan areas. On the basis of typical operating expenses and full real estate taxes for such a unit and assuming its development by a limited-profit housing corporation, we estimate that the required rental would be approximately \$110 per month, or slightly under \$25 per room. On the generally accepted yardstick that rent may absorb up to 20 percent of annual gross family income, such a unit would be suitable for families with annual incomes of \$6,500 and up. By comparison, the identical unit financed under the prevailing terms for rental housing under section 220 of the FHA program would require a monthly rent of about \$130, suitable for families with annual incomes of \$7,800 and up. Thus, the formula proposed under the Javits-Clark bill under current conditions would produce a reduction of about 15 percent in required rents as compared with the section 220 FHA formula and a consequent broadening of the market which could be served. If this hypothetical unit also received a 50-percent abatement in real estate taxes, we estimate that a further reduction in rent to about \$100 per month would be achieved, which would be suitable for families with annual incomes of \$6,000 and up.

Even under prevailing high interest rate conditions in the private money market, the financing formula in the Javits-Clark bill thus would make possible a considerable reduction in the rents required for privately developed housing as compared with the rents achievable under the section 220 and similar existing programs. This would clearly represent a definite advance in the tools available to meet housing needs on a broad basis. Nevertheless, it would still leave a substantial gap between the upper income limit of families eligible for admission to low-rent public housing and the lower limit of families served by private or cooperative housing programs. Again in terms of national averages, this gap would represent generally the families within incomes between \$4,000 and \$6,000 which in 1958 represented approximately 25 percent of the total nonfarm households. It is for this reason that the NHC, after study, has concluded that the only broad basis for closing this gap, which in human terms involves more than 13 million families, is to establish a Federal program under which interest rates would be matched to the income requirements and costs of construction required to serve families in this income category, even

though the market rate for private money may be at substantially higher levels. For example, using the same hypothetical \$12,500 unit and assuming a 50-year 100-percent loan to a nonprofit corporation at 3 percent interest and receiving a 50-percent abatement in real estate taxes, we estimate that a rental of about \$80 per month could be achieved which would be suitable for families with annual incomes of \$4,800 and up. At a 2-percent interest rate, the same unit would require rent of only \$70, suitable for families with annual incomes of \$4,200. We are convinced that the achievement of a complete housing program for the sixties will require an approach along this line and we recommend it to the study and consideration of this subcommittee.

Reliable financial interests in New York have supported the State program. The 13 persons announced August 10, 1959, by the Governor of New York, as temporary members of the Board of Directors of the Limited Profit Housing Mortgage Corporation, represented the following financial institutions or organizations:

- Brooklyn Savings Bank.
- Metropolitan Life Insurance Co.
- The Bowery Savings Bank.
- Equitable Life Assurance Society of the United States.
- Manhattan Life Insurance Co.
- International Basic Economy Corp.
- The Buffalo Savings Bank.
- Chase Manhattan Bank.
- New York Life Insurance Co.
- Harlem Savings Bank.
- East New York Savings Bank.
- Security Mutual Life Insurance Co. of Binghamton.
- Seamen's Bank for Savings.

The above list indicates substantial support from well-known and substantial institutions.

Senator Javits, who, together with Senator Clark, sponsored the bill, testified before the subcommittee and reviewed the need for S. 1342, as well as the soundness and workability of its provisions. He indicated that the bill was not intended to supplant other housing programs. Senator Javits made it clear that this bill is intended to help families that other programs are not helping. When asked about the apparent feeling in the HHFA that the present FHA system adequately takes care of the needs of middle-income families, Senator Javits stated:

The basic impression of the agency is that there is really no middle-income housing shortage, or at least not one that could not be met by established media. The facts absolutely fly in the face of any such assertion. The fact is that the most crying need in the largest city in the country, New York City, and in other cities in my own State, is this very program for this very purpose. Our State program is just strained to the limit and cannot meet the need. It has been availed of tremendously, to the full limit of its capacity. Any civic agency that makes a report, whether it is a housing council in New York City or whether it is any upstate agency

in my State which is doing the civic duty of analyzing the housing needs, never fails to come up with this No. 1 recommendation that we must do something about middle-income housing. The people who fall in that gap are out.

The testimony of other witnesses supported Senator Javits' statement.

CONCLUSION

After careful consideration of the problems which S. 1342 is designed to solve, the committee believes that this new program is required to achieve the national housing policy of "a decent home and suitable living environment for every American family * * *."

BRIEF DESCRIPTION OF NEW PROGRAM

This bill would create a Federal Limited Profit Mortgage Corporation which would make loans secured by housing projects for moderate-income families or for elderly persons. The Corporation would be started with a \$100 million stock subscription by the Treasury and would obtain its funds by borrowing in the private market.

The loans would be made for a period of 50 years at interest rates equivalent to the rates at which tax-exempt Treasury bonds are sold, but not to exceed 4 percent. These loans could not exceed 90 percent of development cost, and the Corporation would charge one-half of 1 percent in addition to the cost of money to the Corporation.

Borrowers would be limited to a return of 6 percent, and rents and carrying charges would be regulated to insure the production of housing to rent at levels within the means of elderly persons and moderate-income families.

Families of moderate income are defined to mean families, or individuals, whose incomes preclude them from purchasing or renting conventionally financed new housing with total monthly housing expenditures of 20 percent of their normal stable income, as defined by the Federal Housing Administration. Elderly persons are defined to mean a person 60 years of age or over, or a family, the head of which or his spouse is 60 years of age or over.

SECTION-BY-SECTION SUMMARY

Section 1 finds that the goal of a decent home and suitable living environment for every American family is not being achieved for families whose means are too high for admission to low-rent public housing but too low to afford the range of sales prices and rents required for satisfactory new private housing. It finds further that there is an urgent need for a supplementary system of housing financing to enable private enterprise to provide homes of sound standards of design and construction for families of moderate income and for elderly persons; and that there are means available to State and local governments to assist in the production of such housing.

Section 2 states that the purpose of the bill is to provide housing for middle-income and elderly persons, whose needs are not now being served through existing programs, by making financial assistance available on terms which will permit reduced rents or charges.

Section 3 creates a body corporate known as the Federal Limited Profit Mortgage Corporation. It would be given authority to exercise usual corporate powers, to make and service mortgage loans, and to issue obligations in such amounts, and on such terms as it may determine.

Section 4 vests the management and administration of the Corporation in a board of five directors appointed by the HHFA Administrator, who would be Chairman, from among the officers or employees of the Corporation. It also permits the Chairman to appoint an advisory committee to assist and advise members of the board in the management and administration of the Corporation.

Section 5 authorizes appropriations to permit the Treasury to subscribe to \$100 million in capital stock of the Corporation. Such stock or any part thereof may be retired at any time by the Corporation. Any residue of the assets of the Corporation upon any liquidation shall be covered into the Treasury of the United States.

Section 6 permits the Corporation to make direct loans to public or private nonprofit or limited profit-making corporations. It establishes mortgage terms: (1) Maximum maturity 50 years (not to exceed 60 years in certain cases of refinancing); (2) an interest rate computed on cost of money to the Corporation, plus one-half of 1 percent for administrative expenses; and (3) the maximum mortgage may equal 90 percent of development cost of a multifamily project and may not exceed 90 percent of such amount as the Corporation shall determine is necessary to make the housing units available for families of moderate income and elderly persons. The Corporation would have complete control over the nature of the project, development costs, and the schedule of rents.

Section 7 authorizes the Corporation to issue for purchase by the public (on or after July 1, 1960) up to \$500 million in obligations and, with approval of the President, up to \$1.5 billion annually beginning July 1, 1961. Maximum outstanding obligations at any one time cannot exceed the aggregate of all assets of the Corporation. Maximum interest on obligations of the Corporation shall not exceed 4 percent per annum. In the event of default by the Corporation, the obligations would be replaced by debentures fully guaranteed by the United States.

Section 8 establishes an insurance fund as a reserve account for losses, equal to one-fourth of 1 percent annually of the outstanding balance of mortgages held by the Corporation.

Section 9 gives priority for loans on projects which receive assistance from State or local government in ways specified in section 1(b).

Section 10 defines the following terms:

(a) "Families of moderate income" means families, or individuals who cannot purchase or rent conventionally financed new housing with total monthly housing expenditures of 20 percent of their normal stable income as defined by the Federal Housing Administration.

(b) "Eligible borrower" or "borrower" means (1) any private or public nonprofit organization (including cooperative ownership housing corporations), or (2) any private corporation, borrowing directly on a commitment from the Federal Limited Profit Mortgage Corporation and authorized to provide dwellings (i) the occupancy of which is to be permitted in consideration of agreed charges, or (ii) for sale to an organization of the character described in clause (1) of this paragraph.

(c) "Corporation," except when used to describe the Federal Limited Profit Mortgage Corporation, means either "corporation" or "trust."

(d) "Housing project" is defined to permit the inclusion of such stores, offices, or other commercial facilities, recreational or community facilities, or other nondwelling facilities as are necessary appurtenances to such housing project.

(e) "Development cost" includes all normal and reasonable expenses incurred in the development of a housing project, as approved by the Corporation.

(f) "Mortgage" or "mortgage loan" means a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than 99 years which is renewable, or (2) under a lease for a period of not less than 75 years to run from the date the mortgage was executed.

(g) "Veteran" means a person who has served in the active military or naval service of the United States at any time (i) on or after September 16, 1940, and prior to July 26, 1947, (ii) on or after April 6, 1917, and prior to November 11, 1918, or (iii) on or after June 27, 1950, and prior to February 1, 1955, and who shall have been discharged or released therefrom under conditions other than dishonorable.

(h) "Going Federal rate" means the annual rate of interest (or, if there shall be two or more such rates of interest, the highest thereof) specified in the most recently issued bonds of the Federal Government having a maturity of 10 years or more.

(i) "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories, dependencies, and possessions of the United States.

(j) The term "elderly person" means a person 60 years of age or over or a family the head of which or his spouse is 60 years of age or over.

Section 11 makes certain technical amendments to related Federal statutes.

Section 12 makes real and tangible personal property of the Corporation subject to State and local taxation. Permits borrowers to obtain complete or partial tax exemption from State or other political subdivisions, and exempts the Corporation's franchise, capital, reserves, surplus, income, assets, and other property (except real estate and tangible personal property) from Federal, State, and local taxes. Also exempts all obligations issued by the Corporation and interest paid on such obligations from Federal, State, and local taxes.

Section 13 provides for certain minimum labor standards on construction assisted by this act, including provisions of the Davis-Bacon Act.

Section 14 provides for certain criminal penalties.

Section 15 provides that the act may be cited as the "Federal Limited Profit Mortgage Corporation Act."

CORDON RULE

* * * * *

SECTION-BY-SECTION SUMMARY

TITLE I—NEW HOUSING PROGRAMS

HOUSING FOR MODERATE-INCOME FAMILIES

Section 101.—Amends section 221 of the National Housing Act to liberalize program for displaced families, and to make program available for moderate-income families.

Broadens the existing program by—

(1) permitting the section 221 program to serve “moderate-income families” in addition to “displaced families”;

(2) eliminating requirement that number of FHA section 221 commitments for a given community must be predetermined and certified by the Administrator of HHFA;

(3) removing requirement that community must have “workable program” as a prerequisite for FHA section 221 mortgage insurance, except in case of limited or nonprofit or cooperative moderate-income rental housing financed under section 221(d)(3) program;

(4) removing requirement that community must formally request that the section 221 program be made available.

“Market rate” program—sales housing (one- to four-family dwellings)

The terms and conditions for a mortgage to be eligible under the broadened sales program would be as follows:

(1) The amount of the mortgage could not exceed:

		<i>High cost area up to—</i>
1-family-----	\$9, 000	\$15, 000
2-family-----	18, 000	25, 000
3-family-----	27, 000	32, 000
4-family-----	33, 000	38, 000

(2) The limit on amount of mortgage based on appraised value of the dwelling would be limited to (a) 100 percent of appraised value or (b) in the case of repair and rehabilitation, the sum of the estimated cost of repair and rehabilitation and the estimated value before repair and rehabilitation. No mortgage could exceed cost of rehabilitation and refinancing, if any. No downpayment required except \$200 per dwelling unit which may include settlement costs.

(3) The mortgage would be required to be amortized within not more than 40 years or three-fourths of the Commissioner’s estimate of the remaining economic life of the structure, whichever is lesser. The maximum interest rate would be 5 percent, except rate could be increased up to 6 percent if the Commissioner finds it necessary to meet the market.

(4) Payment of claims on defaulted mortgages may cover accrued interest, if Commissioner contracts to pay claim upon assignment of mortgage to FHA.

(5) The broadened program would permit the rehabilitation of existing structures for moderate-income families under the same formula as for displaced families.

(6) Authority to insure mortgages for moderate-income families would terminate on July 1, 1963. There would be no termination date on the authority to insure mortgages for displaced persons.

"Market rate program"—rental housing (five or more units)

The terms and conditions under the broadened rental program would be the same as those for the sales housing program described above, with the following exceptions:

(1) The maximum amount of mortgage could not exceed:

	<i>Per room</i>	<i>Per unit if under 4 rooms</i>
Garden type.....	\$2, 250	\$8, 500
Elevator.....	2, 750	9, 000
Increase in high cost area.....	1, 000	-----

NOTE.—Exterior land improvements excluded in determining maximum amount of mortgage based upon per room or per unit limits.

(2) The loan ratio would be based upon 90 percent of replacement cost of new construction.

(3) The term of the mortgage would be prescribed by the Commissioner and such mortgage would carry an interest rate of not more than 5 percent with authority in the Commissioner to increase the maximum to 6 percent if the Commissioner finds it necessary to meet the mortgage market.

(4) The program would provide for mortgage insurance on rental housing constructed by profitmaking mortgagors; the minimum number of units which could be in any project would be five.

(5) The program provides for the rehabilitation of existing structures for either displaced families or moderate income families but provides that the maximum loan ratio on rehabilitated properties is to be 90 percent of rehabilitation costs plus the Commissioner's estimate of value before rehabilitation. In the case of rehabilitation, a mortgage could not exceed the cost of rehabilitation and amount, if any, required to refinance existing indebtedness.

(6) This rental program for moderate-income families would terminate on July 1, 1963, but no termination date is provided for displaced families.

"Below market rate" program—rental housing (five or more units)

Amends section 221(d)(3) to authorize the FHA Commissioner to insure mortgages bearing interest at "below market rate" with a partial or no insurance premium and liberalized features for payment of insurance claims. Mortgages bearing interest at "market rate" could also be insured under the provisions of the subsection with no insurance reductions or waivers.

The terms and conditions for a mortgage to be eligible under the subsection would be as follows:

(1) Eligible mortgagors participating in the program bearing interest at "below market rate" must be nonprofit organizations, limited dividend corporations, public bodies, or agencies, or cooperatives. Such categories of eligible mortgagors could also obtain mortgage insurance under the program where the mortgage bears the market rate of interest.

(2) The maximum insurable amount per room and per unit of any mortgage secured by rental housing would be the same as the amount provided in the "market rate" program as described above.

(3) The maximum loan ratio would be 100 percent of the Commissioner's estimate of replacement cost, except in case of rehabilitation would be same as market rate program.

(4) The mortgage would be required to be amortized under such terms and conditions as may be prescribed by the Commissioner and such mortgage could bear an interest rate at not more than 5 percent with discretionary authority in the Commissioner to increase such maximum to 6 percent; such mortgage could also bear interest at a rate of not less than the annual rate of interest determined by the Secretary of Treasury based on the average market yield on all outstanding marketable obligations.

(5) The Commissioner may insure "below market rate" mortgages without premium charge or partial premium charge except that on mortgages which bear a "market rate" of interest, the Commissioner could require the regular FHA insurance premium.

(6) The payment of insurance claims on defaulted mortgages could be in cash or debentures, and claims may include accrued interest as well as principal and other eligible items if mortgage is permitted to be assigned to FHA.

(7) Mortgages insured bearing "below market rate" interest would be eligible for purchase by the FNMA even though a mortgagor may be a Federal, State, territorial, or municipal instrumentality.

(8) Mortgages on rehabilitated property may be insured on the same basis as required for mortgages insured under the "market rate" rental program as described above.

HOME IMPROVEMENT AND REHABILITATION LOANS

Loans in urban renewal areas

Section 102(a).—Adds section 220(h) to the National Housing Act to establish a new home improvement loan program for homes and multifamily structures in urban renewal areas. The terms and conditions for a loan to be eligible under the new section would be as follows:

(1) The maximum loan could not exceed (a) \$10,000 per family unit or estimated cost of improvement, whichever is lesser, and (b) an amount, which when added to any outstanding indebtedness relating to property being improved, would keep the total indebtedness against the property within the limits applicable to mortgages insured under the FHA section 220 program.

(2) The term of the loan could not exceed 25 years, or three-fourths of the economic life of the property, whichever is less.

(3) Maximum interest rates on such loans may be prescribed by the Commissioner but may not be in excess of 6 percent. Such loans may also bear service charge, appraisal, inspection, and other fees.

(4) Property owners and long-term lessees in areas designated as urban renewal areas would be eligible borrowers under the program.

(5) The loans authorized by the new section would have "adequate security" in such manner as the Commissioner may require and the Commissioner is authorized to charge an insurance premium on such loans.

(6) Debentures issued on defaulted loans may include accrued interest as well as unpaid principal upon assignment to FHA.

(7) Home improvement loans for structures used as rental accommodations for five or more families would be subject to cost certification provisions similar to cost certification required by section 227 of the National Housing Act.

(8) FNMA would be authorized to purchase any home improvement loans insured by the FHA.

Loans outside urban renewal areas

Section 102(b).—Amends section 203 of such act to add a new subsection to establish a home improvement loan program outside urban renewal areas. The terms and conditions of the new loan program would be the same as those provided for home improvement loans “in urban renewal areas,” except that loans would be limited to improvement of one- to four-family dwellings where project has been determined to be economically sound.

Housing improvements and rehabilitation

Section 102.—Further amends section 220 of the National Housing Act to provide a new basis for determining the maximum loan ratio on rehabilitation mortgages. The new maximum loan ratio would be based on the sum of the estimated cost of repair and rehabilitation and the Commissioner’s estimate of value of the property before repair and rehabilitation, but the mortgage could not exceed the cost of rehabilitation and amount, if any, required to refinance existing indebtedness.

EXPERIMENTAL HOUSING MORTGAGE INSURANCE

Section 103.—Adds a new section 233 to the National Housing Act to authorize the FHA Commissioner to make commitments to insure and to insure mortgages on properties (both sales and rental) involving uses of advanced technology in housing design, materials or construction or experimental neighborhood design, deemed significant in reducing cost or improving quality. Substitutes “acceptable risk” for “economic soundness” test for mortgages insured under this new program.

MORTGAGE INSURANCE FOR INDIVIDUALLY OWNED UNITS AND
MULTIFAMILY PROJECTS

Section 104.—Adds a new section 234 to the National Housing Act to permit mortgage insurance for individual fee simple or long-term lease ownership of a unit in a multifamily structure. Such ownership would include undivided ownership interest in common areas and facilities and the community and commercial facilities, if any, which serve the apartment building in which the individual’s unit is located.

Under the new section, mortgages would be limited to owners of no more than four single-family units and only FHA multifamily projects would be eligible for condominium insurance except FHA section 213 (cooperative multifamily projects) would be excluded.

TITLE II—HOUSING FOR ELDERLY PERSONS AND LOW-INCOME FAMILIES

HOUSING FOR THE ELDERLY

Eligible mortgagors

Section 201 (1), (2), (3), (4), and (7).—Amends section 202(a) (1), (2), (3) and (c) (3) of the Housing Act of 1959 to make public bodies and agencies and consumer cooperatives eligible for elderly housing direct loans.

Direct loan authorization

Section 201(5).—Amends section 202(a)(5) of such act to increase the elderly housing direct loan authorization from \$50 million to \$100 million.

Limitation for related facilities

Section 201(6).—Amends section 202(a)(6) to delete the limitation that not more than \$5 million may be outstanding at any one time “for related facilities.”

PUBLIC HOUSING

Eligibility requirement for disabled persons

Section 202.—Amends section 2 of the U.S. Housing Act of 1937 to remove the requirement that disabled persons be at least 50 years of age in order to conform act with recent changes made in Social Security Act.

Use of existing dwellings

Section 203.—Amends section 7 of such act so that the Housing and Home Finance Administrator and the Public Housing Commissioner shall encourage the use of existing dwellings in the undertaking and carrying out of low-rent housing projects.

Additional subsidy for elderly tenants

Section 204.—Amends section 10(a) of such act to permit payment of an additional annual Federal contribution of not to exceed \$120 per year for each elderly family, provided such additional contribution is required in any year to avoid a deficit in low-rent project operation.

Dwelling unit authorization

Section 205.—Amends section 10(e) of such act to make available the remaining balance of the \$336 million annual contribution authorization contained in the Housing Act of 1949, which would cover approximately 100,000 units and to provide that contracts for additional units for any one State after date of enactment of the bill could not be entered into for more than 15 percent of the aggregate amount of contributions not already under contract on that date.

Greater local responsibility for admission policy

Section 206.—Amends section 10(g) of such act to (1) give localities greater flexibility in shaping admission policies in such a way as to best meet their own particular local problems, and (2) permit local agencies to allow overincome tenants to continue occupancy during the period the local agency determines that the overincome family is unable to find a decent private dwelling within its financial reach if the family pays an appropriate rent.

Demonstration programs

Section 207.—Amends section 11 of such act to—

(1) give the Public Housing Commissioner discretionary authority to make grants to public or private bodies to develop and demonstrate new or improved means of providing housing and a suitable living environment for low-income persons and families and for obtaining maximum efficiency and economy in construction and management of low-rent housing.

(2) authorize appropriation of \$10 million for grants for demonstration program.

Increased cost limits for units for elderly

Section 208.—Amends section 15 of such act to increase the per room limitation in low-rent public housing projects in the case of Alaska and in the case of units designed for elderly persons from \$2,500 to \$3,000. This section would also permit capital donations and other non-Federal aid and additions to projects without the amount being charged against the room-cost limitation.

TITLE III—URBAN RENEWAL AND PLANNING

URBAN RENEWAL

Pooling grants-in-aid between projects within communities

Section 301.—Amends section 103(a) to permit pooling of local non-cash grant-in-aid credits earned in projects assisted under both the two-thirds and three-fourths formulas for Federal grants.

Incontestable Federal obligation in private financing of projects

Section 302.—Amends section 102(c) of such act to directly obligate Federal Government to holder of LPA obligation where Federal loan contract is pledged (to improve marketability and reduce interest rate) and would make Federal obligation incontestable in hands of bearer of LPA obligation.

Capital grant authorization

Section 303.—Amends section 103(b) of such act to increase capital grant authorization by \$2.5 billion from \$2 billion to \$4.5 billion. Also reserves \$50 million of this authorization for use in making grants for mass transportation demonstration projects.

Relocation payments

Section 304.—Amends section 106(f) of such act to make it clear that nonprofit organizations are eligible for relocation payments. Retains existing ceilings of \$200 for individuals or families and \$3,000 for business concerns or nonprofit organizations which amounts are paid entirely from Federal grants but provides that the Administrator of HHFA may permit the \$200 and \$3,000 ceiling to be increased in which event the excess would be added to the gross project cost and would be shared by the Federal Government and by the local government in accordance with applicable Federal-local sharing formula. Also makes it clear payments to individuals and families of fixed amount could be made in lieu of reasonable and necessary moving expenses and direct losses of property.

Financial assistance for displaced business concerns

Section 305.—Amends section 7(b) of the Small Business Act to permit Small Business Administration to make loans, under the disaster loan program terms, to small businesses that have been displaced by federally assisted urban renewal projects and have suffered substantial economic injury as a result of the displacement.

State limitation

Section 306.—Amends section 106(e) of the Housing Act of 1949 to increase the amount that any one State may obtain of the capital grant authorization from 12½ percent of the total authorization, plus a portion of the \$100 million reserve fund for all States exceeding the 12½ percent maximum, to 12½ percent of the total authorization, plus a portion of a \$150 million reserve fund.

Resale of property in urban renewals areas for housing moderate income families

Section 307.—Amends section 107 of such act to—

(1) permit urban renewal property to be made available to a limited-dividend corporation, nonprofit corporation, or association, cooperative, public body or agency, or an FHA section 221(d)(4) profitmaking rental housing mortgagor for purchase at fair value for use by purchaser in provision of moderate income rental or cooperative housing.

(2) make provision in existing law, which permits land in urban renewal areas to be sold at a reduced price for public housing purposes, applicable to urban renewal property acquired prior to September 23, 1959.

Rehabilitation

Section 308.—Amends section 110(e) of such act to permit local public agencies to carry out rehabilitation demonstrations in urban renewal projects by acquiring properties, improving them for dwelling use or related facilities, and reselling them to private owners.

Increase in nonresidential exception

Section 309.—Amends section 110(c) of such act to increase the amount of grant authorization which may be used for nonresidential purposes from 20 percent to 30 percent of new authority provided by this bill.

Urban renewal areas involving colleges, universities, or hospitals

Section 310.—Rewrites section 112 of such act to allow—

(1) credit for State-licensed hospital expenditures in urban renewal areas.

(2) expenditures made by university or hospital acting through city or public corporation to be eligible as local grant-in-aid.

(3) similar expenditures made by State agency leasing properties to university or hospital to be eligible as local grant-in-aid.

(4) expenditures by institution or hospital in acquisition of property from city when not acting as urban renewal agency to be eligible as local grant-in-aid.

(5) expenditures by institution or hospital in relocating occupants being displaced from structures to be rehabilitated to be eligible as local grant-in-aid.

(6) expenditures to count if made not over 5 years prior to authorization by Housing Administrator of a loan or grant contract for the project, or if made in connection with a project for which a loan or grant contract was authorized prior to September 25, 1963, if expenditures were made not over 5 years prior to date of application for financial assistance.

URBAN PLANNING ASSISTANCE

Planning assistance

Section 311(1).—Amends section 701 of the Housing Act of 1954 to change the amount of grant from one-half to two-thirds of the estimated cost of the work for which the grant is made.

Section 311(2).—Amends section 701 of such act to increase appropriation authorization from \$20 million to \$100 million.

Section 311(3).—Amends section 701 of such act to extend planning to include the preparation of comprehensive mass transportation surveys to help solve problems of mass transit in urban areas.

Section 311(4).—Amends section 701 of such act to permit grants to be made to interstate planning agencies formed by interstate compacts.

Historical site in urban renewal area

Section 312.—Notwithstanding section 110(c)(4) of such act, permits donation of a parcel of land in urban renewal area to the James White's Fort Association in Knoxville, Tenn., if such property is restored as historical site and monument is operated on nonprofit basis.

Credit for cost of school construction

Section 313.—Adds a provision to such act to permit the cost of school construction in a certain urban renewal project in Roanoke, Va., to be counted as a local contribution.

Technical amendments

Section 314.—(a), (b), and (c) amends sections 101(c), 102(a), and 110(c) to—

(1) make existing law clear that the "workable program" relates to a program for "community improvement."

(2) make existing law clear that early land acquisition loans for acquisition and demolition of property may cover administration, relocation, and other costs related to the demolition and removal of structures acquired with the loans.

(3) clarify question concerning leasing of urban renewal project land.

TITLE IV—COLLEGE HOUSING, COMMUNITY FACILITIES, AND MASS TRANSPORTATION

COLLEGE HOUSING

Loan authorization

Section 401(a).—Amends section 401(d) of the Housing Act of 1952 to—

(1) increase loan authorization by \$100 million upon enactment and by an additional \$250 million for each of the 5 years beginning July 1, 1961, through 1965.

(2) increase limitation for "other educational facilities" by \$25 million for each of the 5 years beginning July 1, 1961, through 1965.

(3) increase limitation for student nurse and intern housing at hospitals by \$25 million for each of the 5 years beginning July 1, 1961, through 1965.

State limitation

Section 401(b).—Amends section 403 of such act to increase State limitation from 10 to 12½ percent of total loan authorization.

COMMUNITY FACILITIES AND MASS TRANSPORTATION

Public facility and mass transportation loans

Section 402.—Amends sections 201, 202, and 203 of the Housing Amendments of 1955 (public facility loan program) to make the program applicable to the financing, acquisition, construction, and improvement of facilities and equipment for use in mass transit systems in urban areas. This section would also increase the public facility loan revolving fund from \$150 million to \$300 million—\$100 million of the total fund is reserved for the mass transportation loans. This section would further provide that funds for mass transportation loans shall be obtained from the Treasury at a rate not more than the average interest rate of all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the borrowing.

Advances for public works planning

Section 403.—Amends section 702 of the Housing Act of 1954 to—

(1) increase the amount which may be advanced to any one State from 10 to 12½ percent of the aggregate amount then authorized to be appropriated.

(2) make projects eligible for planning advances which may be constructed "within or over a reasonable period of time considering the nature of the project" and to permit advances for areawide projects requiring a substantial period for completion.

TITLE V—AMENDMENTS TO THE NATIONAL HOUSING ACT

FEDERAL NATIONAL MORTGAGE ASSOCIATION

Special assistance authorization

Section 501.—Amends section 305(c) of the National Housing Act to increase FNMA special assistance authorization (Presidential allocation) by \$750 million.

Section 502.—Amends section 302(b) of such act to permit the maximum amount of an FHA section 213 loan purchased by the FNMA, if such mortgage is secured by a project in an urban renewal area, to be the same as the maximum amount insured by FHA. This is now permitted for loans insured under section 220.

FHA INSURANCE PROGRAMS

Expansion of title I home repair and improvement program

Section 503(a).—Amends section 2(a) of the National Housing Act to extend program for 2 years until October 1, 1963. (Present expiration date is October 1, 1961.)

FHA general insurance authorization

Section 503 (b) and (c).—Amends section 203(a) and section 217 of such act to remove dollar ceilings on FHA's insurance authorization and provides that loans and mortgages may be insured until October 1, 1965, except for certain programs that have different termination dates.

Armed service housing

Section 503(d).—Amends section 803(a) of such act to extend the mortgage insurance programs for Capehart military housing and housing for employees of NASA and AEC to October 1, 1962, and to increase the limitation on the number of Capehart units which may be constructed after June 30, 1959, to 37,000 (expiration date in existing law is October 1, 1961, and limitation in existing law on number of Capehart units which may be constructed is 25,000).

Authority to reduce insurance premium charge

Section 504.—Amends section 203(c) of such act to give the FHA Commissioner discretion to reduce mortgage insurance premium on any program under title II of the National Housing Act to one-fourth of 1 percent per annum and permit any reduction to apply to outstanding mortgages.

207 (regular rental) housing program

Section 505(1).—Amends section 207 of such act to permit individuals, groups of individuals, or partnerships to be rental housing mortgagors if approved by Commissioner (in addition to those under present law).

Exterior land improvements

Section 505(2).—Amends section 207(c)(3) of such act to permit exterior land improvements to be excluded in determining maximum amount of rental housing mortgage. (Same amendment is made by bill in FHA secs. 221, 213, and 231 programs.)

Cooperative housing insurance

Section 506(a) (1) and (2).—Amends section 213 (b) and (d) of such act to decrease the minimum number of units in a multifamily cooperative housing project from eight to five, and to exclude exterior land improvements from determination of maximum amount of mortgage.

Section 506(a) (3).—Amends section 213(h) of such act to give FHA commissioner discretionary authority to insure additional mortgage after failure of sponsor to sell to a cooperative after such period of time as he deems appropriate.

Section 506(b).—Amends section 213 of such act by adding a new subsection (j) to authorize FHA to insure "supplementary cooperative loans" to consumer cooperatives to provide (1) improvements or

repairs, or (2) additional community facilities for a section 213 property.

Additional mortgage insurance on multifamily projects

Section 507(a).—Amends section 223 of such act by adding a new subsection (c) to permit expenses of a multifamily project which exceed project income during first 2 years following final endorsement for insurance of a mortgage by FHA to be added to amount of insured mortgage.

Section 507(b).—Amends section 223 of such act to permit FHA Commissioner to insure mortgages (covering housing sold by Federal, State or local governments) under sections 220, 221, 231, or 233 in addition to those sections under present law.

Nursing homes (maximum mortgage)

Section 508.—Amends section 232(d) of such act to permit mortgage of 90 percent of estimated replacement cost (new construction), 90 percent of value (existing structures).

TECHNICAL AND CONFORMING AMENDMENTS

Maturity date of home mortgages

Section 509(a)(1).—Amends section 203(b)(3) of such act to permit maturity date for home mortgages insured by the FHA to be calculated from the “beginning of amortization of the mortgage”.

Section 509(a)(2).—Amends section 203(c) of such act to permit the FHA to pay insurance premiums with debentures which are obligations of the insurance fund or the account to which premium charges are credited.

Date of certain debentures

Section 509(b).—Amends section 204(d) of such act to permit debentures in payment of insurance claims on loans insured under FHA sections 220, 221 and 233 programs to be dated as of the date of assignment of the mortgage or conveyance of property to Commissioner.

Conveyance of foreclosed properties to FHA

Section 509(c).—Amends section 204(g) of such act to permit properties to be conveyed to the FHA without naming the Commissioner by name.

Expenses of FHA statistical and economic surveys

Section 509(d).—Amends section 209 of such act to permit FHA's statistical and economic surveys to be charged as a general expense against any insurance fund or account.

FHA labor standards provision

Section 509(e).—Amends section 212 of such act to make FHA labor standards provisions applicable to new home improvement loan program for multifamily housing, to moderate income rental housing program where mortgagors are cooperatives or limited profit, and to multifamily experimental housing under new section 233. (Condominiums constructed with FHA mortgage insurance would be subject to labor provisions without further amendment).

Transfer between FHA insurance funds

Section 509(f).—Amends section 219 of such act to permit moneys in the FHA title I insurance account and other new accounts and funds created by this bill to be transferred among the various other insurance funds, except the Mutual Mortgage Insurance Fund.

Payment of insurance claims (section 220 mortgages (urban renewal housing))

Section 509(g).—Amends section 220(f) of such act to permit Commissioner to include accrued interest and unpaid principal in FHA debentures issued in payment of claims being made on defaulted mortgages insured under section 220 and assigned to FHA after default.

Interest rates on FHA debentures

Section 509(h).—Amends section 224 of such act to permit the interest rates on debentures for payment of claims on mortgages or loans insured under sections 220 (urban renewal housing and improvement loans), 221 (moderate income and relocation housing) and 233 (experimental housing program) to be at rates in effect at the date of their issuance if Commissioner so prescribes in insurance contract. Debentures could also bear interest at same rate as for debentures related to other loans, if Commissioner so prescribes. Interest rate on debentures related to other loans would be rate in effect on date of commitment to insure, or date loan was endorsed or initially endorsed for insurance, whichever rate is highest.

FHA appraisals to home purchasers

Section 509(i).—Amends section 226 of such act to conform existing law so that FHA appraisals as required by the bill shall be furnished to home buyers and to purchasers whose mortgages are insured under the new FHA section 233 (experimental housing) program and new FHA section 234 (condominium) program.

FHA cost certification

Section 509(j).—Amends section 227 of such act to apply cost certification requirement to new section 233 multifamily experimental housing program authorized by bill and make other conforming amendments in cost certification provisions.

Voluntary termination of FHA insurance on multifamily housing mortgages and loans

Section 509(k).—Amends section 229 of such act to permit FHA to terminate insurance upon agreement between any mortgagor and mortgagee upon the payment of an adjusted insurance premium.

Exterior land improvements

Section 509(l).—Amends section 231 of such act (elderly housing) to permit exterior land improvements to be excluded in determining maximum amount of mortgage.

TITLE VI—OPEN SPACE AND URBAN DEVELOPMENT

INTRODUCTION

This title adds a new program to assist State and local governments in preserving open-space land in and around urban areas which, for economic, social, conservation, recreational, or esthetic reasons, is essential to the proper long-range development and welfare of the Nation's urban areas and their suburban environs.

Findings and purpose

Section 601.—Finds it to be the purpose of the Congress to help curb urban sprawl and prevent spread of blight, to encourage more economic and desirable urban development, and to help provide recreational, conservation, and scenic areas by assisting preservation of open-space land.

Federal grants

Section 602.—Provides that—

(1) Housing and Home Finance Administrator authorized to contract to make grants to State and local public bodies which—

(a) do not exceed 25 percent of total cost of acquiring land to be used as permanent open space, except grant can be up to 35 percent in case of public body which (i) exercises responsibilities for urban area as a whole, or (ii) exercises or participates in exercise of such responsibilities for all or a substantial portion of an urban area pursuant to interstate or other intergovernmental agreement; and

(b) aggregate not more than \$100 million.

(2) Grants may not be used to pay development costs or State or local governmental expenses.

(3) Appropriations are authorized for the payment of grants and the faith of the United States is pledged to the payment of grants for which contracts are made.

(4) Administrator is required to consult with the Secretary of the Interior on general policies to be followed in reviewing applications for grants.

Planning requirements

Section 603.—Provide that—

(1) Administrator must find—

(a) proposed open space is important to execution of a comprehensive plan meeting criteria he establishes, and

(b) a program of comprehensive planning is being actively carried on.

(2) Administrator shall take appropriate action to assure preservation by local governing bodies of maximum of open-space land, with minimum of cost, through use of existing public land, use of special tax, zoning and subdivision provisions, and continuation of appropriate private use of open-space land.

(3) In processing applications Administrator shall consider extent of local encouragement of orderly community development and of an adequate supply of housing.

Conversions to other uses

Section 604.—Provides that no open-space land for which grant has been made shall be converted to other uses without approval by Administrator, and his approval shall be contingent upon substitution of other open-space land.

Technical assistance, studies and publication of information

Section 605.—Provides that Administrator is authorized to provide and carry out with funds appropriated for purposes.

Definitions

Section 606.—Defines:

(1) "Open-space land" means any undeveloped or predominantly undeveloped land, including agricultural land, in or adjoining an urban area, which has (a) economic and social value as a means of shaping the character, direction, and timing of community development; (b) recreational value; (c) conservation value in protecting natural resources; or (d) historic, scenic, scientific, or esthetic value.

(2) "Urban area" means any area which is urban in character, including surrounding areas which form an economic and socially related region.

TITLE VII—OTHER HOUSING PROGRAMS

FARM HOUSING

Securities on property under farm housing program

Section 701(a).—Amends section 502(b) of the Housing Act of 1949 to permit wider latitude in type of security the borrower must provide in order to obtain a loan.

Extension of farm housing program (title V, Housing Act of 1949)

Section 701 (b) and (c).—Amends sections 511, 512, and 513 of the Housing Act of 1949 by extending the farm housing program for 5 years until June 30, 1966.

HOME IMPROVEMENT LOANS BY SAVINGS AND LOAN ASSOCIATIONS AND NATIONAL BANKS

Authority to make home improvement loans

Sections 702 and 703.—Amends section 5(c) of the Homeowners Loan Act of 1933 and section 24 of the Federal Reserve Act, respectively, to assure authority of saving and loan associations and national banks to make FHA-insured home improvement loans under the new program (sections 220(h) and 203(k) of the National Housing Act) provided by this bill, notwithstanding the fact that the loans may not be secured by a first mortgage.

VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

Extension of program

Section 704.—Amends section 610(a) of the Housing Act of 1954 to extend the VHMC program until October 1, 1965. (Present expiration date is October 1, 1961.)

LANHAM ACT HOUSING

Disposal of Passyunk war housing project

Section 705.—Amends section 802(a) of the Housing Act of 1959 to extend for 1 year the period during which military personnel and civilian personnel employed in defense activities may continue to occupy the Passyunk war housing project in Philadelphia, with occupancy preferences and without regard to their income.

VETERANS ADMINISTRATION DIRECT HOME LOANS

Maximum amount of loan

Section 706(a)(1).—Amends section 1811(d) of such title to permit VA Administrator to increase maximum from \$13,500 to \$15,000 in areas where climatic conditions require higher construction costs.

Formula for determining veteran eligibility

Section 706(a)(2).—Amends section 1811(h) of such title to provide a period of time for eligibility equal to 10 years from date of discharge from active duty during World War II or Korean conflict (as the case may be) plus an additional 1 year for each 4 months' duty during such war or conflict.

Extension of direct home loan program

Section 706(a)(2).—Amends section 1811 of such title to extend the period in which a veteran of World War II may obtain a direct loan until July 25, 1967, and to extend the period in which a veteran of the Korean conflict may obtain such a loan until January 31, 1975.

Additional authorization for direct loan

Section 706(b)(1).—Amends section 1823(a) of such title to provide for additional authorization as follows:

After enactment of this bill (4th quarter fiscal 1961).....	\$100, 000, 000
After June 30, 1961.....	400, 000, 000
After June 30, 1962.....	200, 000, 000
After June 30, 1963.....	150, 000, 000
After June 30, 1964.....	150, 000, 000
After June 30, 1965.....	100, 000, 000
After June 30, 1966.....	100, 000, 000

ADMINISTRATIVE

Purchase of publications

Section 707.—Amends section 502 of the Housing Act of 1948 to permit the Administrator of HHFA and the heads of constituent agencies to use funds made available for salaries and expenses to purchase advance subscriptions to publications, and also purchase memberships in organizations to enable the agencies to receive or purchase scientific and other publications.

CORDON RULE

In the opinion of the committee, it is necessary to dispense with the requirements of subsection 4 of rule XXIX of the Standing Rules of the Senate in order to expedite the business of the Senate in connection with this report.



87TH CONGRESS
1ST SESSION

S. 1922

[Report No. 281]

IN THE SENATE OF THE UNITED STATES

MAY 19, 1961

Mr. SPARKMAN, from the Committee on Banking and Currency, reported the following bill; which was read twice and ordered to be placed on the calendar

A BILL

To assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Housing Act of 1961".

4 TITLE I—NEW HOUSING PROGRAMS

5 HOUSING FOR MODERATE INCOME FAMILIES

6 SEC. 101. (a) Section 221 of the National Housing
7 Act is amended by—

8 (1) inserting before the text of such section a sec-
9 tion heading as follows: "HOUSING FOR MODERATE IN-
10 COME AND DISPLACED FAMILIES";

1 (2) striking out subsection (a) and inserting in
2 lieu thereof the following:

3 “(a) This section is designed to assist private industry
4 in providing housing for low and moderate income families
5 and families displaced from urban renewal areas or as a
6 result of governmental action.”;

7 (3) inserting in subsection (b) after “any mort-
8 gage” the following: “(including advances during con-
9 struction on mortgages covering property of the char-
10 acter described in paragraphs (3) and (4) of subsection
11 (d) of this section) ”;

12 (4) striking out clauses (A) and (B) in subsec-
13 tion (d) (2) and inserting in lieu thereof the following:
14 “(A) not to exceed (i) \$9,000 in the case of a prop-
15 erty upon which there is located a dwelling designed
16 principally for a single-family residence, (ii) \$18,000
17 in the case of a property upon which there is located a
18 dwelling designed principally for a two-family residence,
19 (iii) \$27,000 in the case of a property upon which
20 there is located a dwelling designed principally for a
21 three-family residence, or (iv) \$33,000 in the case of a
22 property upon which there is located a dwelling de-
23 signed principally for a four-family residence: *Provided*,
24 That the Commissioner may increase the foregoing
25 amounts to not to exceed \$15,000, \$25,000, \$32,000,

1 and \$38,000, respectively, in any geographical area where
2 he finds that cost levels so require; and (B) in the case
3 of new construction not to exceed the appraised value
4 (as of the date the mortgage is accepted for insurance)
5 of any such property, less such amount, in the case of
6 any mortgagor, as may be necessary to comply with the
7 succeeding provisos, and in the case of repair and reha-
8 bilitation the sum of the estimated cost of repair and re-
9 habilitation and the Commissioner's estimate of the value
10 of the property before repair and rehabilitation, except
11 that in no case shall such mortgage exceed such esti-
12 mated cost of repair and rehabilitation, and the amount,
13 if any (as determined by the Commissioner), required
14 to refinance existing indebtedness secured by any such
15 property:";

16 (5) striking out the third proviso in subsection
17 (d) (2) and the colon preceding the proviso;

18 (6) striking out subsection (d) (3) and inserting
19 in lieu thereof the following:

20 "(3) if executed by a mortgagor which is a public
21 body or agency, a cooperative (including an investor-
22 sponsor who meets such requirements as the Commis-
23 sioner may impose to assure that the consumer interest
24 is protected), or a limited dividend corporation (as
25 defined by the Commissioner), or a private nonprofit

1 corporation or association regulated or supervised under
2 Federal or State laws or by political subdivisions of
3 States, or agencies thereof, or by the Commissioner
4 under a regulatory agreement or otherwise, as to rents,
5 charges, and methods of operation, in such form and
6 in such manner as in the opinion of the Commissioner
7 will effectuate the purposes of this section, the mort-
8 gage may involve a principal obligation in an amount—

9 “(i) not to exceed \$12,500,000;

10 “(ii) not to exceed for such part of such prop-
11 erty or project as may be attributable to dwelling
12 use (excluding exterior land improvements as de-
13 fined by the Commissioner), \$2,250 per room (or
14 \$8,500 per family unit if the number of rooms in
15 such property or project is less than four per family
16 unit), except that the Commissioner may in his
17 discretion increase the dollar amount limitation of
18 \$2,250 per room to not to exceed \$2,750 per room,
19 and the dollar amount limitation of \$8,500 per
20 family unit to not to exceed \$9,000 per family unit,
21 as the case may be, to compensate for higher costs
22 incident to the construction of elevator type struc-
23 tures of sound standards of construction and design-
24 and except that the Commissioner may increase
25 any of the foregoing dollar amount limitations con-

1 tained in this paragraph by not to exceed \$1,000
2 per room without regard to the number of rooms
3 being less than four, or four or more, in any geo-
4 graphical area where he finds that cost levels so
5 require; and

6 “(iii) not to exceed (1) in the case of new
7 construction, the amount which the Commissioner
8 estimates will be the replacement cost of the prop-
9 erty or project when the proposed improvements
10 are completed (the replacement cost may include
11 the land, the proposed physical improvements, utili-
12 ties within the boundaries of the land, architect’s
13 fees, taxes, interest during construction, and other
14 miscellaneous charges incident to construction and
15 approved by the Commissioner), or (2) in the
16 case of repair and rehabilitation the sum of the
17 estimated cost of repair and rehabilitation and the
18 Commissioner’s estimate of the value of the prop-
19 erty before repair and rehabilitation: *Provided*, That
20 in no case shall such mortgage exceed such esti-
21 mated cost of repair and rehabilitation, and the
22 amount, if any (as determined by the Commis-
23 sioner), required to refinance existing indebtedness
24 secured by the property or project: *Provided fur-*
25 *ther*, That such property or project, when con-

1 structed, or repaired and rehabilitated, shall be for
2 use as a rental or cooperative project, and low and
3 moderate income families or families displaced by
4 urban renewal or other governmental action shall be
5 eligible for occupancy in accordance with such regu-
6 lations and procedures as may be prescribed by the
7 Commissioner and that the Commissioner may adopt
8 such requirements as he determines to be desira-
9 ble regarding consultation with local public offi-
10 cials where such consultation is appropriate by
11 reason of the relationship of such project to proj-
12 ects under other local programs; or”;

13 (7) striking out in subsection (d) (4) “which is
14 not a nonprofit organization” and inserting in lieu there-
15 of “other than a mortgagor referred to in subsection
16 (d) (3)”;

17 (8) striking out subsection (d) (4) (ii) and insert-
18 ing in lieu thereof the following:

19 “(ii) not exceed, for such part of the property
20 or project as may be attributable to dwelling use
21 (excluding exterior land improvements as defined
22 by the Commissioner), \$2,250 per room (or \$8,500
23 per family unit if the number of rooms in such prop-
24 erty or project is less than four per family unit), ex-

cept that the Commissioner may in his discretion increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,750 per room, and the dollar amount limitation of \$8,500 per family unit to not to exceed \$9,000 per family unit, as the case may be, to compensate for higher costs incident to the construction of elevator type structures of sound standards of construction and design, and except that the Commissioner may increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,000 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require;”;

(9) striking out in subsection (d) (4) (iv) the language following “(iv)” and preceding “*And provided further*” and inserting in lieu thereof the following: “not exceed 90 per centum of the sum of the estimated cost of repair and rehabilitation and the Commissioner’s estimate of the value of the property before repair and rehabilitation if the proceeds of the mortgage are to be used for the repair and rehabilitation of a property or project: *Provided*, That in no case shall such mortgage exceed such estimated cost of repair and re-

1 habilitation, and the amount, if any (as determined by
2 the Commissioner), required to refinance existing in-
3 debtedness secured by the property or project:";

4 (10) striking out in subsection (d) (5) "but not to
5 exceed forty years from the date of insurance of the
6 mortgage" and inserting in lieu thereof "but as to mort-
7 gages coming within the provisions of subsection (d) (2)
8 not to exceed forty years from the date of beginning of
9 amortization of the mortgage";

10 (11) inserting a colon and the following proviso
11 before the period at the end of subsection (d): "*Pro-*
12 *vided*, That a mortgage insured under the provisions of
13 subsection (d) (3) shall bear interest (exclusive of
14 any premium charges for insurance and service charge,
15 if any) at not less than the annual rate of interest de-
16 termined, from time to time by the Secretary of the
17 Treasury at the request of the Commissioner, by esti-
18 mating the average market yield to maturity on all out-
19 standing marketable obligations of the United States,
20 and by adjusting such yield to the nearest one-eighth
21 of 1 per centum";

22 (12) inserting the following at the end of subsection
23 (f): "A property or project covered by a mortgage
24 insured under the provisions of subsection (d) (3) or
25 (d) (4) shall include five or more family units. The

1 Commissioner is authorized to adopt such procedures
2 and requirements as he determines are desirable to
3 assure that the dwelling accommodations provided under
4 this section are available to families displaced from ur-
5 ban renewal areas or as a result of governmental action.
6 Notwithstanding any provision of this Act, the Commis-
7 sioner, in order to assist further the provision of housing
8 for low and moderate income families, in his discretion
9 and under such conditions as he may prescribe, may in-
10 sure a mortgage which meets the requirements of sub-
11 section (d) (3) of this section as in effect after the ef-
12 fective date of the Housing Act of 1961, with no pre-
13 mium charge, with a reduced premium charge, or with
14 a premium charge for such period or periods during the
15 time the insurance is in effect as the Commissioner may
16 determine, and there is hereby authorized to be appro-
17 priated, out of any money in the Treasury not otherwise
18 appropriated, such amounts as may be necessary to re-
19 imburse the Section 221 Housing Insurance Fund for
20 any net losses in connection with such insurance. No
21 mortgage shall be insured under subsection (d) (2)
22 or (d) (4) of this section after July 1, 1963, except
23 pursuant to a commitment to insure before that date, or
24 except a mortgage covering property which the Com-

1 missioner finds will assist in the provision of housing for
2 families displaced from urban renewal areas or as a re-
3 sult of governmental action.”;

4 (13) redesignating paragraph (3) of subsection
5 (g) as paragraph (4) and inserting after paragraph
6 (2) of subsection (g) a new paragraph as follows:

7 “(3) as to mortgages meeting the requirements of
8 this section, notwithstanding the provisions of para-
9 graphs (1) and (2) of this subsection, the Commis-
10 sioner may, in accordance with such regulations as he
11 may prescribe, acquire a mortgage loan that is in de-
12 fault and the security therefor upon payment to the
13 mortgagee in debentures of a total amount equal to the
14 unpaid principal balance of the loan plus any accrued
15 interest and any advances approved by the Commis-
16 sioner and made previously by the mortgagee under the
17 provisions of the mortgage, and after the acquisition of
18 the mortgage by the Commissioner the mortgagee shall
19 have no further rights, liabilities, or obligations with re-
20 spect to the loan or the security for the loan; *Provided*,
21 That as to mortgages meeting the requirements of sub-
22 section (d) (3) of this section, notwithstanding the pro-
23 visions of paragraphs (1) and (2) of this subsection, the
24 Commissioner in his discretion may, in accordance with
25 such regulations as he may prescribe, make payments

1 pursuant to such paragraphs in accordance with the
2 mortgage insurance contract in cash rather than de-
3 bentures, or acquire a mortgage loan that is in default
4 and the security therefor upon payment to the mort-
5 gagee of such total amount in cash rather than deben-
6 tures, if so provided in the mortgage insurance contract.
7 The appropriate provisions of sections 204 and 207 re-
8 lating to the issuance of debentures shall apply with
9 respect to debentures issued under this subsection, and
10 the appropriate provisions of sections 204 and 207 re-
11 lating to the rights, liabilities, and obligations of a mort-
12 gagee shall apply with respect to the Commissioner
13 when he has acquired an insured mortgage under this
14 subsection, in accordance with and subject to regulations
15 (modifying such provisions to the extent necessary to
16 render their application for such purposes appropriate
17 and effective) which shall be prescribed by the Com-
18 missioner, except that as applied to mortgages insured
19 under this section (A) all references in section 204 to
20 the Fund or Mutual Mortgage Insurance Fund shall
21 be construed to refer to the Section 221 Housing In-
22 surance Fund, (B) all references in section 204 to 'sec-
23 tion 203' shall be construed to refer to this section, and
24 (C) all references in section 207 to the Housing In-
25 surance Fund, Fund, or Housing Fund shall be con-

1 strued to refer to the Section 221 Housing Insurance
2 Fund; or”;

3 (14) striking out in paragraph (4) of subsection
4 (g) (as redesignated by the preceding paragraph) the
5 phrase “this paragraph (3)”, each place it appears, and
6 inserting in lieu thereof “this paragraph”; and

7 (15) inserting in the last sentence of subsection
8 (h) after “cash adjustments,” the following: “cash
9 payments,”.

10 (b) Section 101 (c) of the Housing Act of 1949 is
11 amended by—

12 (1) striking out “under section 220 or 221” and
13 inserting in lieu thereof “under section 220 or section
14 221 (d) (3)”;

15 (2) striking out “of section 220 (d), or under sec-
16 tion 221 of the National Housing Act, as amended, if
17 the mortgaged property is in an area described in clause
18 (3) of section 221 (a) of said Act, or in a community
19 referred to in clause (2) (B) of said section” and in-
20 serting in lieu thereof “of section 220 (d) of the Na-
21 tional Housing Act”; and

22 (3) striking out clause (iii) and renumbering
23 clause (iv) as clause (iii).

24 (c) Section 305 of the National Housing Act is

1 amended by adding at the end thereof a new subsection as
2 follows:

3 “(h) Notwithstanding clause (2) of section 302 (b)
4 and any provision of this Act which is inconsistent with this
5 subsection, the Association is authorized (subject to Presi-
6 dential action as provided in subsection (a), as limited by
7 subsection (c)) to purchase pursuant to commitments or
8 otherwise, and to service, sell, or otherwise deal in mort-
9 gages insured under the provisions of section 221 (d) (3)
10 of this Act.”

11 HOME IMPROVEMENT AND REHABILITATION LOANS

12 SEC. 102. (a) Section 220 of the National Housing
13 Act is amended by—

14 (1) striking out the provisos in subsections
15 (d) (3) (A) (i) and (d) (3) (B) (ii) and inserting in
16 lieu thereof in each subsection the following: “*Pro-*
17 *vided*, That in the case of properties other than new con-
18 struction, the foregoing limitations upon the amount of
19 the mortgage shall be based upon the sum of the esti-
20 mated cost of repair and rehabilitation and the Com-
21 missioner’s estimate of the value of the property before
22 repair and rehabilitation rather than upon the Commis-
23 sioner’s estimate of the replacement cost: *Provided fur-*
24 *ther*, That in no case shall such mortgage exceed such

1 estimated cost of repair and rehabilitation, and the
2 amount, if any (as determined by the Commissioner),
3 required to refinance existing indebtedness secured by
4 the property or project;”;

5 (2) striking out “mortgage insurance” in subsection
6 (a) and inserting in lieu thereof “loan and mortgage
7 insurance”; and

8 (3) adding at the end thereof the following sub-
9 section:

10 “(h) (1) To assist further in the conservation, improve-
11 ment, repair, and rehabilitation of property located in the
12 area of an urban renewal project, as provided in paragraph
13 (1) of subsection (d) of this section, the Commissioner is
14 authorized upon such terms and conditions as he may pre-
15 scribe to make commitments to insure and to insure home
16 improvement loans (including advances during construction
17 or improvement) made by financial institutions on and after
18 the date of enactment of the Housing Act of 1961. As used
19 in this subsection, ‘home improvement loan’ means a loan, ad-
20 vance of credit or purchase of an obligation representing a
21 loan or advance of credit made for the purpose of financing
22 the improvement of an existing structure (or in connection
23 with an existing structure) used or to be used primarily for
24 residential purposes; ‘improvement’ means conservation, re-
25 pair, restoration, rehabilitation, conversion, alteration, en-

1 largement, or remodeling; and 'financial institution' means a
2 lender approved by the Commissioner as eligible for insur-
3 ance under section 2 or a mortgagee approved under section
4 203 (b) (1).

5 “(2) To be eligible for insurance under this subsection,
6 a home improvement loan shall—

7 “(i) not exceed the Commissioner's estimate of the
8 cost of improvement, or \$10,000 per family unit, which-
9 ever is the lesser;

10 “(ii) be limited to an amount which when added
11 to any outstanding indebtedness related to the property
12 (as determined by the Commissioner) creates a total
13 outstanding indebtedness which does not exceed the
14 limits provided in subsection (d) (3) for properties (of
15 the same type) other than new construction;

16 “(iii) bear interest at not to exceed a rate pre-
17 scribed by the Commissioner, but not in excess of 6 per
18 centum per annum of the amount of the principal obli-
19 gation outstanding at any time, and such other charges
20 (including such service charges, appraisal, inspection,
21 and other fees) as may be approved by the Commis-
22 sioner;

23 “(iv) have a maturity satisfactory to the Commis-
24 sioner, but not to exceed twenty-five years from the be-
25 ginning of amortization of the loan or three-quarters of

1 the remaining economic life of the structure, whichever
2 is the lesser;

3 “(v) comply with such other terms, conditions, and
4 restrictions as the Commissioner may prescribe; and

5 “(vi) represent the obligation of a borrower who
6 is the owner of the property improved, or a lessee of
7 the property under a lease for not less than 99 years
8 which is renewable or under a lease having a period of
9 not less than 50 years to run from the beginning of
10 amortization of the loan or advance of credit.

11 “(3) Any home improvement loan insured under this
12 subsection may be refinanced and extended in accordance
13 with such terms and conditions as the Commissioner may
14 prescribe, but in no event for an additional amount or
15 term in excess of the maximum provided for in this sub-
16 section.

17 “(4) There is hereby created a separate Section 220
18 Home Improvement Account to be maintained under the Sec-
19 tion 220 Housing Insurance Fund and to be used by the
20 Commissioner as a revolving fund for carrying out the provi-
21 sions of this subsection. The Commissioner is authorized to
22 transfer to such fund the sum of \$1,000,000 from the War
23 Housing Insurance Fund established pursuant to the provi-
24 sions of section 602 of this Act. Any premium charges, and
25 appraisal and other fees received on account of the insurance of

1 any home improvement loan accepted for insurance under this
2 subsection, and the receipts derived from the sale, collection,
3 deposit, or compromise of any evidence of debt, contract,
4 claim, property, or security assigned to or held by the Com-
5 missioner in connection with the payment of insurance under
6 this subsection, shall be credited to the Section 220 Home Im-
7 provement Account. Insurance claims under this subsection
8 and expenses incurred in the handling, management, renova-
9 tion, and disposal of any properties acquired by the Commis-
10 sioner under this subsection shall be charged to the Section
11 220 Home Improvement Account. General expenses of
12 operation of the Federal Housing Administration and other
13 expenses incurred under this subsection may be charged to
14 the Section 220 Home Improvement Account. Moneys in
15 the Account not needed for the current operation of the Fed-
16 eral Housing Administration under this subsection shall be
17 deposited with the Treasurer of the United States to the
18 credit of the Account, or invested in bonds or other obliga-
19 tions of, or in bonds or other obligations guaranteed as to
20 principal and interest by, the United States. In order to
21 protect the solvency of the Section 220 Home Improve-
22 ment Account, adequate security shall be taken in connec-
23 tion with loans insured under this subsection in such manner
24 as the Commissioner may require.

1 “(5) The Commissioner is authorized to fix a premium
2 charge for the insurance of home improvement loans under
3 this subsection but in the case of any such loan such charge
4 shall not be less than an amount equivalent to one-half of
5 1 per centum per annum nor more than an amount equiva-
6 lent to 1 per centum per annum of the amount of the princi-
7 pal obligation of the loan outstanding at any time, without
8 taking into account delinquent payments or prepayments.
9 Such premium charges shall be payable by the financial in-
10 stitution either in cash or in debentures (at par plus accrued
11 interest) issued by the Commissioner as obligations of the
12 Section 220 Home Improvement Account, in such manner
13 as may be prescribed by the Commissioner, and the Com-
14 missioner may require the payment of one or more such
15 premium charges at the time the loan is insured, at such
16 discount rate as he may prescribe not in excess of the in-
17 terest rate specified in the loan. If the Commissioner
18 finds upon presentation of a loan for insurance and the
19 tender of the initial premium charge or charges so required
20 that the loan complies with the provisions of this sub-
21 section, such loan may be accepted for insurance by endorse-
22 ment or otherwise as the Commissioner may prescribe. In
23 the event the principal obligation of any loan accepted for
24 insurance under this subsection is paid in full prior to the
25 maturity date, the Commissioner is authorized to refund to

1 the financial institution for the account of the borrower all,
2 or such portions as he shall determine to be equitable, of the
3 current unearned premium charges theretofore paid.

4 “(6) In cases of defaults on loans insured under this
5 subsection, upon receiving notice of default, the Commis-
6 sioner, in accordance with such regulations as he may pre-
7 scribe, may acquire the loan and any security therefor upon
8 payment to the financial institution in debentures of a total
9 amount equal to the unpaid principal balance of the loan,
10 plus any accrued interest, any advances approved by the
11 Commissioner made previously by the financial institution
12 under the provisions of the loan instruments, and reimburse-
13 ment for such collection costs, court costs, and attorney
14 fees as may be approved by the Commissioner.

15 “(7) Debentures issued under this subsection shall be
16 executed in the name of the Section 220 Home Improvement
17 Account as obligor, shall be signed by the Commissioner, by
18 either his written or engraved signature, shall be negotiable,
19 and shall be dated as of the date the loan is assigned to the
20 Commissioner and shall bear interest from that date. They
21 shall bear interest at a rate established by the Commissioner
22 pursuant to section 224, payable semiannually on the 1st day
23 of January and the 1st day of July of each year, and shall
24 mature ten years after their date of issuance. They shall
25 be exempt from taxation as provided in section 207 (i)

1 with respect to debentures issued under that subsection.
2 They shall be paid out of the Section 220 Home Improve-
3 ment Account which shall be primarily liable therefor and
4 they shall be fully and unconditionally guaranteed as to prin-
5 cipal and interest by the United States, and the guaranty
6 shall be expressed on the face of the debentures. In the event
7 the Section 220 Home Improvement Account fails to pay
8 upon demand, when due, the principal of or interest on any
9 debentures so guaranteed, the Secretary of the Treasury shall
10 pay to the holders the amount thereof which is hereby au-
11 thorized to be appropriated, out of any money in the Treas-
12 ury not otherwise appropriated, and thereupon, to the extent
13 of the amount so paid, the Secretary of the Treasury shall
14 succeed to all the rights of the holders of such debentures.
15 Debentures issued under this subsection shall be in such form
16 and denominations in multiples of \$50, shall be subject to
17 such terms and conditions, and shall include such provisions
18 for redemption, if any, as may be prescribed by the Com-
19 missioner with the approval of the Secretary of the Treasury,
20 and they may be in coupon or registered form. Any differ-
21 ence between the amount of the debentures to which the
22 financial institution is entitled, and the aggregate face value
23 of the debentures issued, not to exceed \$50, shall be adjusted
24 by the payment of cash by the Commissioner to the financial
25 institution from the Section 220 Home Improvement Account.

1 “(8) The provisions of subsections (c), (d), and (h)
2 of section 2 shall apply to home improvement loans insured
3 under this subsection, and for the purposes of this subsection
4 references in subsections (c), (d), and (h) of section 2 to
5 ‘this section’ or ‘this title’ shall be construed to refer to sec-
6 tion 220 (h).

7 “(9) (A) Notwithstanding any other provisions of this
8 Act, no home improvement loan executed in connection with
9 the improvement of a structure for use as rental accommoda-
10 tions for five or more families shall be insured under this sub-
11 section unless the borrower has agreed (i) to certify, upon
12 completion of the improvement and prior to final endorse-
13 ment of the loan, either that the actual cost of improvement
14 equaled or exceeded the proceeds of the home improvement
15 loan, or the amount by which the proceeds of the loan ex-
16 ceed the actual cost, as the case may be, and (ii) to pay
17 forthwith to the financial institution, for application to the
18 reduction of the principal of the loan, the amount, if any,
19 certified to be in excess of the actual cost of improvement.
20 Upon the Commissioner’s approval of the borrower’s cer-
21 tification as required under this paragraph, the certification
22 shall be final and incontestable, except for fraud or material
23 misrepresentation on the part of the borrower.

24 “(B) As used in subparagraph (A), the term ‘actual
25 cost’ means the cost to the borrower of the improvement, in-

1 cluding the amounts paid for labor, materials, construction
2 contracts, off-site public utilities, streets, organization and
3 legal expenses, such allocations of general overhead items
4 as are acceptable to the Commissioner, and other items of
5 expense approved by the Commissioner, plus a reasonable
6 allowance for builder's profit if the borrower is also the
7 builder, as defined by the Commissioner, and excluding the
8 amount of any kickbacks, rebates, or trade discounts re-
9 ceived in connection with the improvement.

10 “(10) Notwithstanding any other provision of this Act,
11 the Commissioner is authorized and empowered (i) to make
12 expenditures and advances out of funds made available by
13 this Act to preserve and protect his interest in any security
14 for, or the lien or priority of the lien securing, any loan or
15 other indebtedness owing to, insured by, or acquired by the
16 Commissioner or by the United States under this subsection,
17 or section 2 or 203 (k) ; and (ii) to bid for and to purchase
18 at any foreclosure or other sale or otherwise acquire prop-
19 erty pledged, mortgaged, conveyed, attached, or levied upon
20 to secure the payment of any loan or other indebtedness
21 owing to or acquired by the Commissioner or by the United
22 States under this subsection, or section 2 or 203 (k). The
23 authority conferred by this paragraph may be exercised
24 as provided in the last sentence of section 204 (g).”

1 (b) Section 203 of the National Housing Act is
2 amended by—

3 (1) striking out in subsection (e) “of the mort-
4 gage” and inserting in lieu thereof “of the loan or mort-
5 gage”;

6 (2) striking out in subsection (e) “approved
7 mortgagee” each place it appears and inserting in lieu
8 thereof “approved financial institution or approved
9 mortgagee”; and

10 (3) adding at the end thereof the following sub-
11 section:

12 “(k) To supplement the mortgage insurance provisions
13 of this section in order to assist the conservation, improve-
14 ment, and alteration of housing, the Commissioner is author-
15 ized to make commitments to insure and to insure a home
16 improvement loan (including advances during construction
17 or improvement) under this subsection in accordance with
18 the provisions of section 220 (h), except that (1) the struc-
19 tures improved shall be designed for occupancy by not more
20 than four families and shall not be required to be located in
21 the area of an urban renewal project, (2) the Commissioner
22 shall find that the project with respect to which the loan
23 is executed is economically sound, (3) all funds received
24 and all disbursements made shall be credited or charged, as

1 appropriate, to a separate Section 203 Home Improvement
2 Account to be maintained as hereinafter provided under the
3 Mutual Mortgage Insurance Fund, and (4) insurance bene-
4 fits shall be paid in debentures executed in the name of the
5 Section 203 Home Improvement Account. For the purposes
6 of this subsection, the Commissioner shall have all the author-
7 ity provided in section 220 (h) , except that insurance bene-
8 fits, other than cash adjustments of less than \$50, shall be
9 paid in debentures having maturities of 20 years after their
10 dates of issuance. The debentures shall be issued in accord-
11 ance with sections 220 (h) (6) and 220 (h) (7) , and refer-
12 ences in section 220 (h) to 'this subsection' shall be construed
13 to refer to this section 203 (k) , references to the Section 220
14 Home Improvement Account shall be construed to refer to
15 the Section 203 Home Improvement Account, and references
16 to the Section 220 Housing Insurance Fund shall be con-
17 strued to refer to the Mutual Mortgage Insurance Fund. All
18 of the provisions in section 220 (h) (4) relative to the Sec-
19 tion 220 Home Improvement Account shall be equally appli-
20 cable to the Section 203 Home Improvement Account.
21 There is hereby created a separate Section 203 Home Im-
22 provement Account under the Mutual Mortgage Insurance
23 Fund which shall be used by the Commissioner as a revolv-
24 ing fund for carrying out the provisions of this subsection, and
25 the Commissioner is authorized to transfer to such Account

1 the sum of \$1,000,000 from the War Housing Insurance
2 Fund established pursuant to the provisions of section 602 of
3 this Act. The provisions of section 205 (c) shall not be
4 applicable to loans insured under this subsection."

5 (c) Section 302 (b) of the National Housing Act is
6 amended by adding at the end thereof the following new
7 sentence: "For the purposes of this title, the term 'mort-
8 gages' shall be inclusive of any mortgages or other loans in-
9 sured under any of the provisions of the National Housing
10 Act."

11 EXPERIMENTAL HOUSING MORTGAGE INSURANCE

12 SEC. 103. Title II of the National Housing Act is
13 amended by adding at the end thereof the following section:

14 "EXPERIMENTAL HOUSING

15 "SEC. 233. (a) In order to assist in lowering housing
16 costs and improving housing standards, quality, livability, or
17 durability or neighborhood design through the utilization
18 of advanced housing technology, or experimental property
19 standards, the Commissioner is authorized to insure and
20 to make commitments to insure, under this section, mort-
21 gages (including, in the case of mortgages insured under
22 subsection (b) (2) of this section, advances on such mort-

1 gages during construction) secured by properties including
2 dwellings involving the utilization and testing of advanced
3 technology in housing design, materials, or construction, or
4 experimental property standards for neighborhood design if
5 the Commissioner determines that (1) the property is an
6 acceptable risk, giving consideration to the need for testing
7 advanced housing technology or experimental property
8 standards, (2) the utilization and testing of the advanced
9 technology or experimental property standards involved will
10 provide data or experience which the Commissioner deems
11 to be significant in reducing housing costs or improving hous-
12 ing standards, quality, livability, or durability, or improving
13 neighborhood design, and (3) the mortgages are eligible for
14 insurance under the provisions of this section and under any
15 further terms and conditions which may be prescribed by the
16 Commissioner to establish the acceptability of the mortgages
17 for insurance.

18 “(b) To be eligible for insurance under this section a
19 mortgage shall—

20 “(1) meet the requirements of section 203 (b),
21 except that the maximum principal obligation of the
22 mortgage as computed under clauses (i), (ii), and
23 (iii) of section 203 (b) (2) shall be determined on the
24 basis of the Commissioner’s estimate of the cost of

1 replacing the property using comparable conventional
2 design, materials, and construction rather than value,
3 and the proviso in section 203 (b) (8) shall not be
4 applicable to mortgages insured under this section; or

5 “(2) meet the requirements of section 207 (b) and
6 section 207 (c), except that the maximum principal
7 obligation of the mortgage as computed under section
8 207 (c) (2) shall be determined on the basis of the
9 Commissioner’s estimate of the cost of replacing the
10 property using comparable conventional design, mate-
11 rials, and construction rather than value.

12 “(c) The Commissioner may enter into such contracts,
13 agreements, and financial undertakings with the mortgagor
14 and others as he deems necessary or desirable to carry out
15 the purposes of this section, and may expend available funds
16 for such purposes, including the correction (when he deter-
17 mines it necessary to protect the occupants), at any time sub-
18 sequent to insurance of a mortgage, of defects or failures
19 in the dwellings which the Commissioner finds are caused by
20 or related to the advanced housing technology utilized in
21 their design or construction or experimental property stand-
22 ards.

23 “(d) The Commissioner may make such investigations
24 and analyses of data, and publish and distribute such reports

1 as he determines to be necessary or desirable to assure the
2 most beneficial use of the data and information to be acquired
3 as a result of this section.

4 “(e) Any mortgagee under a mortgage insured under
5 subsection (b) (1) of this section shall be entitled to the
6 benefits of the insurance as provided in section 204 with re-
7 spect to mortgages insured under section 203, and the pro-
8 visions of section 204 may apply to the mortgages insured
9 under subsection (b) (1), except that as applied to those
10 mortgages (1) all references therein to the Fund or Mutual
11 Mortgage Insurance Fund, shall be construed to refer to the
12 Experimental Housing Insurance Fund, and (2) all refer-
13 ences therein to ‘section 203’ shall be construed to refer to
14 this section.

15 “(f) Any mortgagee under a mortgage insured under
16 subsection (b) (2) of this section shall be entitled to the
17 benefits of insurance as provided in section 207 with respect
18 to mortgages insured under section 207, except that as ap-
19 plied to mortgages insured under subsection (b) (2) of this
20 section (1) all references therein to the Housing Insurance
21 Fund, Fund, or Housing Fund, shall be construed to refer
22 to the Experimental Housing Insurance Fund, and (2) all
23 references therein to ‘this section’ shall be construed to refer
24 to this section 233.

25 “(g) Notwithstanding the provisions of subsections (e)

1 and (f) of this section, in the case of default of any mort-
2 gage insured under this section, the Commissioner may, in
3 accordance with such regulations as he may prescribe, ac-
4 quire a mortgage loan that is in default and the security
5 therefor upon payment to the mortgagee in debentures of a
6 total amount equal to the unpaid principal balance of the
7 loan plus any accrued interest and any advances approved
8 by the Commissioner made previously by the mortgagee
9 under the provisions of the mortgage. After the acquisition
10 of the mortgage by the Commissioner the mortgagee shall
11 have no further rights, liabilities, or obligations with respect
12 to the mortgage. The appropriate provisions of sections 204
13 and 207 relating to the issuance of debentures shall apply
14 with respect to debentures issued under this subsection, and
15 the appropriate provisions of sections 204 and 207 relating
16 to the rights, liabilities, and obligations of a mortgagee shall
17 apply with respect to the Commissioner when he has ac-
18 quired an insured mortgage under this subsection, in accord-
19 ance with and subject to regulations (modifying such provi-
20 sions to the extent necessary to render their application for
21 such purposes appropriate and effective) which shall be pre-
22 scribed by the Commissioner, except that as applied to
23 mortgages insured under this section (1) all references in
24 section 204 to the Fund or Mutual Mortgage Insurance
25 Fund shall be construed to refer to the Experimental Hous-

1 ing Insurance Fund, (2) all references therein to 'section
2 203' shall be construed to refer to this section, and (3) all
3 references in section 207 to the Housing Insurance Fund,
4 Fund or Housing Fund shall be construed to refer to the
5 Experimental Housing Insurance Fund.

6 " (h) There is hereby created the Experimental Housing
7 Insurance Fund to be used by the Commissioner as a re-
8 volving fund to carry out the provisions of this section, and
9 the Commissioner is directed to transfer the sum of
10 \$1,000,000 to the Fund from the War Housing Insurance
11 Fund created by section 602 of this Act. General expenses
12 of operation of the Federal Housing Administration and
13 other expenses incurred under this section may be charged to
14 the Experimental Housing Insurance Fund. The provisions
15 of subsections (d), (e), (h), (i), (j), (k), (l), (m),
16 (n), and (p) of section 207 shall be applicable to a mort-
17 gage insured under subsection (b) (2) of this section, and
18 all references in those subsections to the Housing Insurance
19 Fund or the Housing Fund shall be construed to refer to the
20 Experimental Housing Insurance Fund."

21 INDIVIDUALLY OWNED UNITS IN MULTIFAMILY

22 STRUCTURES

23 SEC. 104. Title II of the National Housing Act is
24 amended by inserting after section 233 (as added by section
25 103 of this Act) the following section:

1 "MORTGAGE INSURANCE FOR INDIVIDUALLY OWNED UNITS
2 IN MULTIFAMILY STRUCTURES

3 "SEC. 234. (a) The purpose of this section is to pro-
4 vide an additional means of increasing the supply of pri-
5 vately owned dwelling units where, under the laws of the
6 State in which the property is located, real property title and
7 ownership are established with respect to a one-family unit
8 which is part of a multifamily structure.

9 "(b) The terms 'mortgage', 'mortgagee', 'mortgagor',
10 'maturity date', and 'State' shall have the meanings respec-
11 tively set forth in section 201, except that the term 'mort-
12 gage' for the purposes of this section may include a first
13 mortgage given to secure the unpaid purchase price of a fee
14 interest in, or a long-term leasehold interest in, a one-
15 family unit in a multifamily structure and an undivided
16 interest in (or share in cooperative ownership of) the com-
17 mon areas and facilities which serve the structure where the
18 mortgage is determined by the Commissioner to be eligible
19 for insurance under this section. The term 'common areas
20 and facilities' as used in this section shall be deemed to in-
21 clude the land and such commercial, community, and other
22 facilities as are approved by the Commissioner.

23 "(c) The Commissioner is authorized, in his discretion
24 and under such terms and conditions as he may prescribe
25 (including the minimum number of family units in the

1 structure which shall be offered for sale and provisions for
2 the protection of the consumer and the public interest), to
3 insure any mortgage covering a one-family unit in a multi-
4 family structure and an undivided interest in (or share in
5 cooperative ownership of) the common areas and facilities
6 which serve the structure, if (1) the mortgage meets the
7 requirements of this section and of section 203 (b), except
8 as that section is modified by this section, (2) the struc-
9 ture is or has been covered by a mortgage insured under
10 another section (except section 213) of this Act, notwith-
11 standing any requirements in any such section that the struc-
12 ture be constructed or rehabilitated for the purpose of provid-
13 ing rental housing, and (3) the mortgagor is acquiring, or
14 has acquired, a family unit covered by a mortgage insured
15 under this section for his own use and occupancy and will
16 not own more than four one-family units covered by mort-
17 gages insured under this section. Any project proposed to
18 be constructed or rehabilitated after the date of enactment of
19 the Housing Act of 1961 with the assistance of mortgage in-
20 surance under this Act, where the sale of family units is to
21 be assisted with mortgage insurance under this section, shall
22 be subject to such requirements as the Commissioner may
23 prescribe. To be eligible for insurance pursuant to this sec-
24 tion a mortgage shall involve a principal obligation in an
25 amount not to exceed (1) the limits per room and per fam-

1 ily dwelling units provided by section 207 (c) (3), and (2)
2 the sum of (i) 97 per centum of \$13,500 of the amount
3 which the Commissioner estimates will be the appraised value
4 of the family unit including common areas and facilities as
5 of the date the mortgage is accepted for insurance, (ii) 90
6 per centum of such value in excess of \$13,500 but not in
7 excess of \$18,000, and (iii) 70 per centum of such value in
8 excess of \$18,000. In determining the amount of a mort-
9 gage in the case of a nonoccupant mortgagor the reference
10 to paragraph (2) of section 203 (b) in section 203 (b) (8)
11 shall be construed to refer to the preceding sentence in this
12 section. The mortgage shall contain such provisions as the
13 Commissioner determines to be necessary for the mainte-
14 nance of common areas and facilities and the multifamily
15 structure. The mortgagor shall have exclusive right to the
16 use of the one-family unit covered by the mortgage and, to-
17 gether with the owners of other units in the multifamily
18 structure, shall have the right to the use of the common areas
19 and facilities serving the structure and the obligation of main-
20 taining all such common areas and facilities. The Commis-
21 sioner may require that the rights and obligations of the
22 mortgagor and the owners of other dwelling units in the
23 structure shall be subject to such controls as he determines
24 to be necessary and feasible to promote and protect indi-

1 vidual owners, the multifamily structure, and its occupants.
2 For the purposes of this section, the Commissioner is author-
3 ized in his discretion and under such terms and conditions as
4 he may prescribe to permit one-family units and interests in
5 common areas and facilities in multifamily structures cov-
6 ered by mortgages insured under any section of this Act
7 (other than section 213) to be released from the liens of
8 those mortgages.

9 “(d) Any mortgagee under a mortgage insured under
10 this section is entitled to receive the benefits of the insur-
11 ance as provided in section 204 (a) of this Act with re-
12 spect to mortgages insured under section 203, and the pro-
13 visions of subsections (b), (c), (d), (e), (f), (g), (h),
14 (j), and (k) of section 204 shall be applicable to the
15 mortgages insured under this section, except that (1) all
16 references in section 204 to the Mutual Mortgage Insurance
17 Fund or the Fund shall be construed to refer to the Apart-
18 ment Unit Insurance Fund, (2) all references therein to
19 ‘section 203’ shall be construed to refer to this section, and
20 (3) the excess remaining, referred to in section 204 (f) (1),
21 shall be retained by the Commissioner and credited to the
22 Apartment Unit Insurance Fund.

23 “(e) There is hereby created the Apartment Unit In-
24 surance Fund which shall be used by the Commissioner as
25 a revolving fund for carrying out the provisions of this sec-

tion. The Commissioner is authorized to transfer to the Fund the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Apartment Unit Insurance Fund. The provisions of the second and third paragraphs of section 220 (g) shall be applicable to the Apartment Unit Insurance Fund and to this section, all references therein to the Section 220 Housing Insurance Fund or the Fund shall be construed to refer to the Apartment Unit Insurance Fund, and all references therein to 'this section' shall be construed to refer to this section 234.

“(f) The provisions of section 225, 229, and 230 shall be applicable to the mortgages insured under this section.”

TITLE II—HOUSING FOR ELDERLY PERSONS AND LOW INCOME FAMILIES

HOUSING FOR THE ELDERLY

DIRECT LOANS

SEC. 201. Section 202 of the Housing Act of 1959 is amended by—

(1) inserting in subsection (a) (1) after the words “private nonprofit corporations” the following: “, consumer cooperatives, or public bodies or agencies”;

(2) inserting in subsection (a) (2) before the

1 words "for the provision" the following: " , to any con-
2 sumer cooperative, or to any public body or agency";

3 (3) striking out in subsection (a) (2) "unless the
4 corporation" and inserting in lieu thereof "unless the
5 applicant";

6 (4) striking out in subsection (a) (3) "A loan to a
7 corporation under this section" and inserting in lieu
8 thereof "A loan under this section";

9 (5) striking out in subsection (a) (4) "\$50,000,-
10 000" and inserting in lieu thereof "\$100,000,000";

11 (6) striking out the second sentence in subsection
12 (a) (4) ; and

13 (7) striking out in subsection (c) (3) "corporation
14 undertaking" and inserting in lieu thereof "corporate
15 body, cooperative, or agency undertaking".

16 LOW-RENT PUBLIC HOUSING

17 ELIGIBILITY REQUIREMENT FOR DISABLED PERSONS

18 SEC. 202. Section 2 of the United States Housing Act
19 of 1937 is amended by striking out the words "has attained
20 the age of fifty and" in the second and third sentences of
21 paragraph (2), and by striking out paragraph (14) and
22 renumbering paragraph (15) to be paragraph (14).

1 USE OF EXISTING STRUCTURES

2 SEC. 203. Section 7 of the United States Housing Act
3 of 1937 is amended by adding at the end thereof a new
4 subsection as follows:

5 “(c) The Housing and Home Finance Administrator
6 and the Public Housing Commissioner shall encourage the
7 undertaking and carrying out of low-rent housing projects
8 involving the acquisition and repair, rehabilitation, or re-
9 modeling of existing structures, rather than new construc-
10 tion, whenever it is determined by them that the undertaking
11 and carrying out of such projects is practicable, economical,
12 and consistent with the objectives of this Act. The annual
13 report referred to in subsection (b) of this section shall
14 include information concerning the number of such projects
15 with respect to which loans, contributions, or grants have
16 been made or contracted for under this Act.”

17 ADDITIONAL SUBSIDY FOR ELDERLY TENANTS

18 SEC. 204. Section 10 (a) of the United States Housing
19 Act of 1937 is amended by inserting a colon and the follow-
20 ing proviso before the period at the end of the third sentence
21 thereof: “*Provided*, That the Authority may, in addition
22 to the payments guaranteed under the contract, pay not to

1 exceed \$120 per annum per dwelling unit occupied by an
2 elderly family on the last day of the project fiscal year where
3 such amount, in the determination of the Authority, was
4 necessary to enable the public housing agency to lease the
5 dwelling unit to the elderly family at a rental it could afford
6 and to operate the project on a solvent basis”.

7 DWELLING UNIT AUTHORIZATION

8 SEC. 205. (a) Section 10 (e) of the United States Hous-
9 ing Act of 1937 is amended by striking out the first three
10 sentences and inserting in lieu thereof the following: “The
11 Authority is authorized to enter into contracts for annual
12 contributions aggregating not more than \$336,000,000 per
13 annum, but any such contracts for additional units for any
14 one State shall not, after the date of enactment of the
15 Housing Act of 1961, be entered into for more than 15 per
16 centum of the aggregate amount not already guaranteed
17 under contracts for annual contributions on such date: *Pro-*
18 *vided*, That no such new contract for additional units shall
19 be entered into after the date of enactment of the Housing
20 Act of 1961 except with respect to low-rent housing for a
21 locality respecting which the Administrator has made the
22 determination and certification relating to a workable pro-
23 gram as prescribed in section 101 (c) of the Housing Act
24 of 1949, and the Authority shall enter into only such
25 new contracts for preliminary loans as are consistent with

1 the number of dwelling units for which contracts for annual
2 contributions may be entered into.”

3 (b) Such Act is further amended by—

4 (1) striking out section 10 (i), redesignating sec-
5 tion 15 (10) as section 10 (i), and transferring section
6 15 (10), as so redesignated, to the appropriate place
7 in section 10; and

8 (2) striking out section 21 (d).

9 GREATER LOCAL RESPONSIBILITY FOR ADMISSION POLICIES

10 SEC. 206. (a) Section 10 (g) of the United States
11 Housing Act of 1937 is amended to read as follows:

12 “(g) Every contract for annual contributions for any
13 low-rent housing project shall provide that—

14 “(1) the maximum income limits fixed by the pub-
15 lic housing agency shall be subject to the prior approval
16 of the Authority and the Authority may require the
17 agency to review and revise such limits if the Authority
18 determines that changed conditions in the locality make
19 such revisions necessary in achieving the purposes of the
20 Act;

21 “(2) the public housing agency shall adopt and
22 promulgate regulations establishing admission policies
23 which shall give full consideration to its responsibility for
24 the rehousing of those displaced by urban renewal or
25 other governmental action, to the applicant’s status as a

1 serviceman or veteran or relationship to a serviceman or
2 veteran or to a disabled serviceman or veteran, and to
3 the applicant's age or disability, housing conditions, ur-
4 gency of housing need, and source of income; and

5 “(3) the public housing agency shall determine,
6 and so certify to the Authority, that each family in the
7 project was admitted in accordance with duly adopted
8 regulations and approved income limits; and the public
9 housing agency shall make periodic reexaminations of
10 the incomes of families living in the project and shall
11 require any family whose income has increased beyond
12 the approved maximum income limits for continued
13 occupancy to move from the project unless the public
14 housing agency determines that, due to special circum-
15 stances, the family is unable to find decent, safe and
16 sanitary housing within its financial reach although mak-
17 ing every reasonable effort to do so, in which event
18 such family may be permitted to remain for the dura-
19 tion of such a situation if it pays an appropriate rent.”

20 (b) Sections 10 (m) and 15 (8) of such Act are
21 repealed.

22 DEMONSTRATION PROGRAMS

SEC. 207. (a) Section 11 of the United States Housing Act of 1937 is amended to read as follows:

1 "DEMONSTRATION PROGRAMS

2 "SEC. 11. The Authority is authorized to make grants
3 to public or private bodies or agencies, subject to such terms
4 and conditions as it shall prescribe, for the purposes of
5 developing and demonstrating new or improved means of
6 providing housing and a suitable living environment for
7 low income persons and families and for obtaining maxi-
8 mum efficiency and economy in the construction and man-
9 agement of low-rent housing. Advances and progress pay-
10 ments may be made, under any contract to make grants
11 under this section, without regard to the provisions of section
12 3648 of the Revised Statutes, and the Administrator may
13 waive any of the requirements of this Act to the extent he
14 deems necessary to accomplish the purposes of this section.
15 There is hereby authorized to be appropriated not exceeding
16 \$10,000,000 for grants to carry out the purposes of this sec-
17 tion, and any amount so appropriated shall remain available
18 until expended."

19 (b) Section 12 (c) of such Act is amended by striking
20 out "capital".

21 INCREASED COST LIMITS FOR UNITS FOR THE ELDERLY—

22 NON-FEDERAL AID TO PROJECTS

23 SEC. 208. (a) Section 15 of the United States Housing
24 Act of 1937 is amended by—

1 (1) inserting in paragraph (5) after the second
2 parenthetical clause the following: “on which the com-
3 putation of any annual contributions under this Act may
4 be based”;

5 (2) striking out “\$2,500” in paragraph (5) and
6 inserting in lieu thereof “\$3,000”;

7 (3) striking out paragraph (6), redesignating
8 paragraph (9) as paragraph (6), and transferring para-
9 graph (9), as so redesignated, to the appropriate place
10 in section 15; and

11 (4) striking out “entitled to a first preference as
12 provided in section 10 (g)” in paragraph (7) (b) and
13 inserting in lieu thereof “displaced by urban renewal or
14 other governmental action”.

15 (b) Section 10 (h) of such Act is amended by insert-
16 ing the following after the word “project” the third time it
17 appears therein: “(exclusive of any portion thereof which
18 is not assisted by annual contributions under this Act)”.

19 TITLE III—URBAN RENEWAL AND PLANNING

20 POOLING GRANTS-IN-AID BETWEEN PROJECTS

21 SEC. 301. (a) Section 103 (a) of the Housing Act of
22 1949 is amended by striking out the second sentence and
23 inserting in lieu thereof the following: “The aggregate of

1 such capital grants with respect to all the projects of a
2 local public agency (or of two or more local public agen-
3 cies in the same municipality) on which contracts for capi-
4 tal grants have been made under this title shall not exceed
5 the total of two-thirds of the aggregate net project costs
6 of such projects undertaken on a two-thirds capital grant
7 basis and three-fourths of the aggregate net project costs of
8 such projects which the Administrator, upon request, may
9 approve on a three-fourths capital grant basis.”

10 (b) Section 104 of such Act is amended by striking out
11 the second sentence and inserting in lieu thereof the follow-
12 ing: “Such local grants-in-aid, together with the local grants-
13 in-aid to be provided in connection with all other projects
14 of the local public agency (or two or more local public agen-
15 cies in the same municipality) on which contracts for capital
16 grants have theretofore been made, shall be at least equal
17 to the total of one-third of the aggregate net project
18 costs of such projects undertaken on a two-thirds capital
19 grant basis and one-fourth of the aggregate net project costs
20 of such projects undertaken on a three-fourths capital grant
21 basis”.

22 (c) Section 110 (e) of such Act is amended by striking

1 out in the third and fourth sentences the words "the proviso
2 in the second sentence of".

3 INCONTESTABLE FEDERAL OBLIGATION IN PRIVATE

4 FINANCING OF PROJECTS

5 SEC. 302. Section 102 (c) of the Housing Act of 1949
6 is amended by adding at the end thereof the following:

7 "In connection with any such pledge of a loan contract, in-
8 cluding loan payments thereunder, as security for the repay-
9 ment of obligations of the local public agency held by other
10 than the Federal Government, the Administrator is author-
11 ized to agree to pay, through operations of a paying agent
12 or agents, and to pay or cause to be paid when due, from
13 funds obtained pursuant to subsection (e) of this section,
14 to the holders of such obligations (or to their agents or
15 designees) the principal of and the interest on such obliga-
16 tions, subject to such conditions as the Administrator may
17 determine but without regard to any other condition or re-
18 quirement. Notwithstanding any other provision of law, any
19 contract or other instrument executed by the Administrator
20 which, by its terms, includes an obligation of the Adminis-
21 trator to make payment pursuant to this subsection shall be
22 construed by all officers of the United States separate and
23 apart from the loan contract and shall be incontestable in
24 the hands of a bearer and the full faith and credit of the
25 United States is pledged to the payment of all amounts

1 agreed to be paid by the Administrator pursuant to this
2 subsection.”

3 CAPITAL GRANT AUTHORIZATION

4 SEC. 303. Section 103 (b) of the Housing Act of 1949
5 is amended by striking out the first sentence and inserting
6 in lieu thereof the following: “The Administrator may, with
7 the approval of the President, contract to make grants under
8 this title aggregating not to exceed \$4,500,000,000: *Pro-*
9 *vided*, That of such sum the Administrator may, without re-
10 gard to other provisions of this title, contract to make grants
11 aggregating not to exceed \$50,000,000 for mass transpor-
12 tation demonstration projects which he determines would
13 contribute significantly to the development of data and in-
14 formation of general applicability on the reduction of urban
15 transportation needs, the improvement of mass transporta-
16 tion service, and the contribution of such service toward
17 meeting total urban transportation needs at minimum cost.
18 Such grants shall not exceed two-thirds of the cost, as deter-
19 mined or estimated by the Administrator, of the project for
20 which the grant is made and shall be subject to such other
21 terms and conditions as he may prescribe.”

22 RELOCATION PAYMENTS

23 SEC. 304. (a) Section 106 (f) of the Housing Act of
24 1949 is amended by—

25 (1) striking out “that no part” in paragraph (1)

1 and inserting in lieu thereof “, except as hereinafter
2 provided, that no part”;

3 (2) striking out “and business concerns” in the
4 first sentence of paragraph (2) and inserting in lieu
5 thereof the following: “business concerns, and nonprofit
6 organizations”;

7 (3) striking out “business concern.” in the sec-
8 ond sentence of paragraph (2) and inserting in lieu
9 thereof the following: “business concern or nonprofit
10 organization: *Provided*, That such amounts may be
11 increased whenever the Administrator determines it to
12 be necessary to compensate any individual, family, or
13 business concern or nonprofit organization for reasonable
14 and necessary moving expenses and actual direct losses
15 of property, but any sums paid hereunder in excess of
16 the \$200 or \$3,000 maximums, as the case may be, shall
17 be included in gross project cost.”; and

18 (4) striking out the last sentence of paragraph (2)
19 and inserting in lieu thereof the following: “Payment
20 to individuals and families of fixed amounts (not to ex-
21 ceed \$200 in any case) may be made in lieu of their
22 respective reasonable and necessary moving expenses
23 and actual direct losses of property. All payments under
24 this subsection shall be subject to such rules, regula-

tions, and limitations as may be prescribed by the Administrator.”

(b) Section 110 (e) of such Act is amended by—

(1) striking out at the end of clause (i) the word “and”;

(2) adding “and” at the end of clause (ii); and

(3) adding after clause (ii) the following: “(iii) relocation payments, if made pursuant to the second proviso in paragraph (2) of section 106 (f) hereof;”.

FINANCIAL ASSISTANCE FOR DISPLACED BUSINESS

CONCERNS

SEC. 305. Section 7 (b) of the Small Business Act is amended—

(1) by striking out “and” at the end of paragraph (1);

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof “; and”; and

(3) by adding after paragraph (2) a new paragraph as follows:

“(3) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to any small-business con-

1 ance purpose and resale by the local public agency of struc-
 2 tures which are located in the urban renewal area and which,
 3 under the urban renewal plan, are to be repaired or re-
 4 habilitated for dwelling use or related facilities.”

5 (b) The third sentence of section 110 (c) of such Act is
 6 amended by inserting after “include” the following: “(ex-
 7 cept as provided in paragraph (7) above)”.

8 INCREASE IN NONRESIDENTIAL EXCEPTION

9 SEC. 309. The fifth sentence of section 110 (c) of the
 10 Housing Act of 1949 is amended by striking out all that fol-
 11 lows the second colon and inserting in lieu thereof the fol-
 12 lowing: “*Provided further*, That the aggregate amount of
 13 capital grants authorized by the Administrator to be con-
 14 tracted for pursuant to this title with respect to such projects
 15 after the date of enactment of the Housing Act of 1961 shall
 16 not exceed 30 per centum of the amount of new grant author-
 17 ity provided by that Act and subsequent enactments.”

18 URBAN RENEWAL AREAS INVOLVING COLLEGES,
 19 UNIVERSITIES, OR HOSPITALS

20 SEC. 310. Section 112 of the Housing Act of 1949 is
 21 amended to read as follows:

22 “URBAN RENEWAL AREAS INVOLVING COLLEGES,
 23 UNIVERSITIES, OR HOSPITALS

24 “SEC. 112. (a) In any case where an educational insti-
 25 tution or a hospital is located in or near an urban renewal

1 project area and the governing body of the locality deter-
2 mines that, in addition to the elimination of slums and blight
3 from such area, the undertaking of an urban renewal project
4 in such area will further promote the public welfare and
5 the proper development of the community (1) by mak-
6 ing land in such area available for disposition, for uses in
7 accordance with the urban renewal plan, to such educa-
8 tional institution or hospital for redevelopment in accordance
9 with the use or uses specified in the urban renewal plan,
10 (2) by providing, through the redevelopment of the area in
11 accordance with the urban renewal plan, a cohesive neigh-
12 borhood environment compatible with the functions and
13 needs of such educational institution or hospital, or (3) by
14 any combination of the foregoing, the Administrator is au-
15 thorized to extend financial assistance under this title for
16 an urban renewal project in such area without regard to
17 the requirements in section 110 hereof with respect to the
18 predominantly residential character or predominantly resi-
19 dential reuse of urban renewal areas. The aggregate ex-
20 penditures made by any such institution or hospital (di-
21 rectly or through a private redevelopment corporation or
22 municipal or other public corporation) for the acquisition
23 within, adjacent to, or in the immediate vicinity of the
24 project area, of land, buildings, and structures to be rede-
25 veloped or rehabilitated by such institution for educational

1 uses or by a hospital for hospital uses, in accordance with
2 the urban renewal plan (or with a development plan pro-
3 posed by such institution, hospital or corporation, found ac-
4 ceptable by the Administrator after considering the standards
5 specified in section 110 (b), and approved under State or
6 local law after public hearing), and for the demolition of
7 such buildings and structures if, pursuant to such urban re-
8 newal or development plan, the land is to be cleared and
9 redeveloped, and for the relocation of occupants from build-
10 ings and structures to be demolished or rehabilitated, as
11 certified by such institution or hospital to the local public
12 agency and approved by the Administrator, shall be a local
13 grant-in-aid in connection with such urban renewal project:
14 *Provided*, That no such expenditure shall be eligible as a
15 local grant-in-aid in any case where the property involved
16 is acquired by such educational institution or hospital from
17 a local public agency which, in connection with its acqui-
18 sition or disposition of such property, has received, or con-
19 tracted to receive, a capital grant pursuant to this title.

20 “(b) No expenditure made by any educational institu-
21 tion or hospital, as provided in subsection (a), shall be
22 deemed ineligible as a local grant-in-aid (1) in connection
23 with any urban renewal project if made not more than five

1 years prior to the authorization by the Administrator of a
2 contract for a loan or capital grant for such project, or (2)
3 in connection with any such project for which the Admin-
4 istrator, prior to September 25, 1963, has authorized a loan
5 or capital grant contract if made not more than five years
6 prior to the submission of an application for financial assist-
7 ance under this title for such urban renewal project.

8 “(c) The aggregate expenditures made by any public
9 authority, established by any State, for acquisition, demoli-
10 tion, and relocation in connection with land, buildings, and
11 structures acquired by such public authority and leased to an
12 educational institution for educational uses or to a hospital
13 for hospital uses shall be deemed a local grant-in-aid to the
14 same extent as if such expenditures had been made directly
15 by such educational institution or hospital.

16 “(d) As used in this section—

17 “(1) the term ‘educational institution’ means any
18 educational institution of higher learning, including any
19 public educational institution or any private educational
20 institution, no part of the net earnings of which inure to
21 the benefit of any private shareholder or individual; and

22 “(2) the term ‘hospital’ means any hospital licensed
23 by the State in which such hospital is located, including

1 any public hospital or any nonprofit hospital, no part of
2 the net earnings of which inure to the benefit of any
3 private shareholder or individual.”

4 URBAN PLANNING ASSISTANCE

5 SEC. 311. (a) Section 701 of the Housing Act of 1954
6 is amended by—

7 (1) striking out “50 per centum” in the first
8 sentence of subsection (b) and inserting in lieu thereof
9 “two-thirds”;

10 (2) striking out “\$20,000,000” in the last sentence
11 of subsection (b) and inserting in lieu thereof “\$100,-
12 000,000”;

13 (3) inserting after “public facilities” in clause (1)
14 of subsection (d) “, including transportation facilities”;
15 **and**

16 (4) adding at the end thereof the following new
17 subsection:

18 “(f) The consent of the Congress is hereby given to
19 any two or more States to enter into agreements or com-
20 pacts, not in conflict with any law of the United States,
21 for cooperative efforts and mutual assistance in the com-
22 prehensive planning for the physical growth and develop-
23 ment of interstate metropolitan or other urban areas, and
24 to establish such agencies, joint or otherwise, as they may

1 deem desirable for making effective such agreements and
2 compacts.”

3 (b) Section 701 of such Act is further amended by—

4 (1) striking out the matter preceding paragraph

5 (1) of subsection (a) and inserting in lieu thereof the
6 following:

7 “SEC. 701. (a) In order to assist State and local
8 governments in solving planning problems resulting from
9 the increasing concentration of population in metropolitan
10 and other urban areas, including smaller communities, to
11 facilitate comprehensive planning for urban development
12 on a continuing basis by such governments for urban de-
13 velopment and the coordination of transportation systems in
14 urban areas, and to encourage such governments to estab-
15 lish and improve planning staffs, the Administrator is au-
16 thorized to make planning grants to—”; and

17 (2) adding at the end of subsection (a) the fol-
18 lowing:

19 “Planning which may be assisted under this section includes
20 the preparation of comprehensive mass transportation sur-
21 veys and plans to aid in solving problems of traffic con-
22 gestion and facilitating the circulation of people and goods
23 in urban and metropolitan areas through the development
24 of comprehensive and coordinated mass transportation sys-

1 tems. Funds available under this section shall be in addi-
2 tion to funds available for planning surveys and investi-
3 gations under other Federally-aided programs, and noth-
4 ing contained in this section shall be construed as affect-
5 ing the authority of the Secretary of Commerce under sec-
6 tion 307 of title 23, United States Code.”

7 HISTORICAL SITE IN URBAN RENEWAL AREA

8 SEC. 312. (a) Notwithstanding section 110 (c) (4) of
9 the Housing Act of 1949, as amended, or any other pro-
10 vision of law, the urban renewal project in Knoxville, Ten-
11 nessee, known as the Riverfront-Willow Street redevelop-
12 ment project, may include the donation by the Knoxville
13 Housing Authority to the James White's Fort Association,
14 by a suitable instrument of conveyance, of all right, title,
15 and interest of the authority in and to the following de-
16 scribed tract of land, constituting a portion of tract T-2
17 of the said project and containing 0.985 acres more or
18 less:

19 Beginning at an iron pin located at the intersection of the
20 east property line of Collins Alley and the south property
21 line of Rouser Alley; thence in a northerly direction, north
22 32 degrees 35 minutes west, 111.0 feet to an iron pin located
23 in the east property line of Collins Alley; thence in a west-
24 erly direction, south 55 degrees 20 minutes west, 207.0 feet

1 to an iron pin; thence in a southwesterly direction, south 35
2 degrees 05 minutes west, 80 feet to an iron pin; thence in a
3 southerly direction south 27 degrees 25 minutes east, 193.40
4 feet to an iron pin located in the north property line of Hill
5 Avenue; thence in an easterly direction, north 67 degrees
6 43 minutes east, 33.54 feet to an iron pin; thence in an east-
7 erly direction, north 60 degrees 02 minutes east, 31.64 feet
8 to an iron pin; thence in an easterly direction, north 58 de-
9 grees 30 minutes 30 seconds east, 53 feet to an iron pin
10 located in the north property line of Hill Avenue; thence in a
11 northerly direction, north 30 degrees 22 minutes 30 seconds
12 west, 134.03 feet to an iron pin; thence in an easterly direc-
13 tion, north 59 degrees 21 minutes 30 seconds east, 175.61
14 feet to the point of beginning.

15 (b) The conveyance authorized to be included in the
16 Riverfront-Willow Street redevelopment project under sub-
17 section (a) of this section shall be made only if the James
18 White's Fort Association represents, and furnishes such
19 assurances as may be required by the Knoxville Housing
20 Authority, that such association (1) will undertake the re-
21 construction on the site conveyed of General James White's
22 cabin and fort, and (2) will develop, preserve, and operate
23 such property on a nonprofit basis as a historical site or
24 monument.

1 CREDIT FOR COST OF SCHOOL CONSTRUCTION

2 SEC. 313. No public facility, the provision of which
3 is otherwise eligible as a local grant-in-aid for any urban
4 renewal project receiving assistance under title I of the
5 Housing Act of 1949 in the city of Roanoke, Virginia, and
6 the construction of which was commenced prior to January
7 1, 1961, shall be deemed to be ineligible as a local grant-
8 in-aid because of any change in the urban renewal plan
9 for such project which is determined by the Housing and
10 Home Finance Administrator to have resulted from the pro-
11 posed location within the urban renewal area in which such
12 project was undertaken of a federally aided highway. For
13 the purpose of computing the portion of the cost of any
14 such facility which may be allowed as a local grant-in-aid,
15 the degree of benefit of the facility to such urban renewal
16 area shall be based on the latest estimate of benefit sub-
17 mitted by the local public agency and accepted by the
18 Administrator prior to such change in the urban renewal
19 plan.

20 TECHNICAL AMENDMENTS

21 SEC. 314. (a) Section 101(c) of the Housing Act of
22 1949 is amended by inserting in clause (1) after "workable
23 program" the words "for community improvement".

24 (b) Section 102(a) of such Act is amended by insert-
25 ing in the second proviso after "demolition and removal"

1 the first place it appears the following: “, together with
2 administrative, relocation, and other related costs and pay-
3 ments,”.

4 (c) Clause (4) of the second sentence of section 110
5 (c) of such Act is amended by striking out “initial”.

6 TITLE IV—COLLEGE HOUSING AND COMMUNITY
7 FACILITIES

8 COLLEGE HOUSING

9 SEC. 401. (a) Section 401 (d) of the Housing Act of
10 1950 is amended to read as follows:

11 “(d) To obtain funds for loans under subsection (a) of
12 this section, the Administrator may issue and have out-
13 standing at any one time notes and obligations for pur-
14 chase by the Secretary of the Treasury in an amount not
15 to exceed \$1,775,000,000, which amount shall be increased
16 by \$250,000,000 on July 1 of each of the years 1961 through
17 1965: *Provided*, That the amount outstanding for other
18 educational facilities, as defined herein, shall not exceed
19 \$175,000,000, which limit shall be increased by \$25,000,000
20 on July 1 of each of the years 1961 through 1965: *Pro-*
21 *vided further*, That the amount outstanding for hospitals,
22 referred to in clause (2) of section 404 (b), shall not exceed
23 \$100,000,000, which limit shall be increased by \$25,000,000
24 on July 1 of each of such years.”

25 (b) Section 403 of such Act is amended by striking out

1 “10 per centum” and inserting in lieu thereof “12½ per-
2 centum”.

3 PUBLIC FACILITY AND MASS TRANSPORTATION LOANS

4 SEC. 402. (a) Section 201 of the Housing Amendments
5 of 1955 is amended by adding after “public works or facili-
6 ties” in the second sentence the following: “(including mass
7 transportation facilities and equipment) ”.

8 (b) The first sentence of section 202 (a) of such Act
9 is amended by—

10 (1) striking out “, acting through the Community
11 Facilities Administration,”;

12 (2) inserting “(1)” after “any State,”; and

13 (3) inserting the following before the period at the
14 end thereof: “, and (2) to finance the acquisition, con-
15 struction, reconstruction, and improvement of facilities
16 and equipment for use, by operation or lease or other-
17 wise, in mass transportation service in urban areas, and
18 for use in coordinating highway, bus, surface-rail, un-
19 derground, parking and other transportation facilities in
20 such areas. Such facilities and equipment may include
21 land, but not public highways, and any other real or
22 personal property needed for an economic, efficient, and
23 coordinated mass transportation system”.

24 (c) Section 202 (c) of such Act is amended by striking

1 out "this section" in the first sentence and inserting in lieu
2 thereof "clause (1) of subsection (a) of this section".

3 (d) Section 202 of such Act is further amended by add-
4 ing at the end thereof the following new subsection:

5 " (d) No loans may be made for transportation facil-
6 ities or equipment, pursuant to clause (2) of subsection (a)
7 of this section, unless the Administrator determines that there
8 is being actively developed for the urban or other metropoli-
9 tan area served by the applicant a positive program, meeting
10 criteria established by the Administrator, for the development
11 of a comprehensive and coordinated mass transportation sys-
12 tem, and unless such facilities or equipment can reasonably be
13 expected to be required for such a system. Subsequent to
14 three years after the date of enactment of the Housing Act
15 of 1961, no such loans shall be made unless the urban or
16 metropolitan area served by the applicant has such a positive
17 program and the project is part of such program."

18 (e) Section 203 (a) of such Act is amended by—

19 (1) striking out the words "in an amount not ex-
20 ceeding \$150,000,000, notes and other obligations" in
21 the first sentence and inserting in lieu thereof the follow-
22 ing: "notes and other obligations in an amount not
23 exceeding \$300,000,000: *Provided*, That of the funds
24 obtained through the issuance of such notes and other

1 obligations \$100,000,000 shall be available only for
2 purchases and loans pursuant to clause (2) of section
3 202 (a) of this title”; and

4 (2) inserting before the period at the end of the
5 third sentence a semicolon and the following: “except
6 that notes or other obligations issued by the Adminis-
7 trator to obtain funds to provide financial assistance
8 under clause (2) of section 202 (a) shall bear interest
9 at a rate determined by the Secretary of the Treasury
10 which shall not be more than the average annual in-
11 terest rate on all interest-bearing obligations of the
12 United States then forming a part of the public debt
13 as computed at the end of the fiscal year next preceding
14 the issuance by the Administrator of such notes or other
15 obligations, and adjusted to the nearest one-eighth of 1
16 per centum”.

17 ADVANCES FOR PUBLIC WORKS PLANNING

18 SEC. 403. Section 702 of the Housing Act of 1954 is
19 amended by—

20 (1) striking out in subsection (a) “10” and in-
21 serting in lieu thereof “12 $\frac{1}{2}$ ”; and

22 (2) striking out the first sentence of subsection
23 (b) and inserting in lieu thereof the following: “No
24 advance shall be made hereunder with respect to any
25 individual project, including a regional or metropolitan

1 or other area-wide project, unless (1) it is planned to be
2 constructed and there is a reasonable prospect that the
3 project will be constructed within or over a reasonable
4 period of time considering the nature of the project,
5 (2) it conforms to an overall State, local, or regional
6 plan approved by a competent State, local, or regional
7 authority, and (3) the public agency formally con-
8 tracts with the Federal Government to complete the
9 plan preparation promptly and to repay such advance
10 or part thereof when due.”

11 TITLE V—AMENDMENTS TO THE NATIONAL
12 HOUSING ACT

13 FEDERAL NATIONAL MORTGAGE ASSOCIATION

14 SPECIAL ASSISTANCE AUTHORIZATION

15 SEC. 501. Section 305 (c) of the National Housing
16 Act is amended to read as follows:

17 “(c) The total amount of purchases and commitments
18 authorized by the President pursuant to subsection (a) of
19 this section shall not exceed \$1,700,000,000 outstanding at
20 any one time.”

21 LIMITATION ON MORTGAGE AMOUNT

22 SEC. 502. Section 302 (b) of the National Housing
23 Act is amended by inserting in clause (3) after “803,” the
24 following: “or insured under section 213 and covering prop-
25 erty located in an urban renewal area,”.

FHA INSURANCE PROGRAMS

LIMITATIONS ON INSURANCE AUTHORIZATIONS

SEC. 503. (a) Section 2 (a) of the National Housing Act is amended by striking out in the first sentence "1961" and inserting in lieu thereof "1963".

(b) Section 203 (a) of such Act is amended by striking out the colon and all that follows the colon and inserting in lieu thereof a period.

(c) Section 217 of such Act is amended to read as follows:

"SEC. 217. Except with respect to the insurance of a loan or mortgage pursuant to section 2, subsections 221 (d) (2) and (d) (4), or title VIII of this Act (subject to any limitations thereunder on the time of such insurance), no loan or mortgage shall be insured under any provision of this Act after October 1, 1965, except pursuant to a commitment to insure before that date."

(d) Section 803 (a) of such Act is amended by striking out "1961" and inserting in lieu thereof "1962", and by striking out "twenty-five thousand" and inserting in lieu thereof "thirty-seven thousand".

AUTHORITY TO REDUCE PREMIUM CHARGES

SEC. 504. The first sentence of section 203 (c) of the National Housing Act is amended to read as follows: "The Commissioner is authorized to fix premium charges for the

1 insurance of mortgages under the separate sections of this
 2 title but in the case of any mortgage such charge shall be
 3 not less than an amount equivalent to one-fourth of 1 per
 4 centum per annum nor more than an amount equivalent to
 5 1 per centum per annum of the amount of the principal
 6 obligation of the mortgage outstanding at any time, without
 7 taking into account delinquent payments or prepayments:
 8 *Provided, That any reduced premium charge so fixed and*
 9 *computed may, in the discretion of the Commissioner, also*
 10 *be made applicable in such manner as the Commissioner*
 11 *shall prescribe to each insured mortgage outstanding under*
 12 *the section or sections involved at the time the reduced pre-*
 13 *mium charge is fixed."*

14 SECTION 207 RENTAL HOUSING INSURANCE

15 SEC. 505. Section 207 of the National Housing Act is
 16 amended by—

17 (1) striking out the first paragraph of subsection

18 (b) (2) and inserting in lieu thereof the following:

19 "(2) any other mortgagor approved by the Commis-
 20 sioner, which until the termination of all obligations of the
 21 Commissioner under the insurance and during such further
 22 period of time as the Commissioner shall be the owner,
 23 holder, or reinsurer of the mortgage, is regulated or restricted
 24 by the Commissioner as to rents or sales, charges, capital
 25 structure, rate of return, and methods of operation to such

1 extent and in such manner as to provide reasonable rentals
 2 to tenants and a reasonable return on the investment. The
 3 Commissioner may make such contracts with and acquire, for
 4 not to exceed \$100, such stock or interest in the mortgagor
 5 as he may deem necessary to render effective the regulations
 6 or restrictions. The stock or interest acquired by the Com-
 7 missioner shall be paid for out of the Housing Fund, and
 8 shall be redeemed by the mortgagor at par upon the termina-
 9 tion of all obligations of the Commissioner under the insur-
 10 ance.”; and

11 (2) inserting in subsection (c) (3) after the words
 12 “attributable to dwelling use” the following: “(exclud-
 13 ing exterior land improvements as defined by the Com-
 14 missioner)”.

15 SECTION 213 COOPERATIVE HOUSING INSURANCE

16 SEC. 506. (a) Section 213 of the National Housing
 17 Act is amended by—

18 (1) inserting in paragraph (2) of subsection (b)
 19 after the words “as may be attributable to dwelling use”
 20 the following: “(excluding exterior land improvements
 21 as defined by the Commissioner)”; and

22 (2) striking out “eight or more family units” in
 23 subsection (d) and inserting in lieu thereof “five or
 24 more family units”; and

(3) striking out in subsection (h) “such mortgagor shall not thereafter be eligible by reason of such paragraph (3) for insurance of any additional mortgage loans pursuant to this section” and inserting in lieu thereof the following: “the Commissioner is authorized to refuse, for such period of time as he shall deem appropriate under the circumstances, to insure under this section any additional investor-sponsor type mortgage loans made to such mortgagor or to any other investor-sponsor mortgagor where, in the determination of the Commissioner, any of its stockholders were identified with such mortgagor”.

(b) Section 213 of such Act is further amended by adding at the end thereof the following new subsection:

“(j) (1) With respect to any property covered by a mortgage insured under this section, the Commissioner is authorized, upon such terms and conditions as he may prescribe, to make commitments to insure and to insure supplementary cooperative loans (including advances during construction or improvement) made by financial institutions approved by the Commissioner. As used in this subsection, ‘supplementary cooperative loan’ means a loan, advance of credit, or purchase of an obligation representing a

1 loan or advance of credit made for the purposes of financing
2 any of the following:

3 “(i) improvements or repairs of the property cov-
4 ered by such mortgage; or

5 “(ii) community facilities necessary to serve the
6 occupants of the property.

7 “(2) To be eligible for insurance under this subsection,
8 a supplementary cooperative loan shall—

9 “(i) be limited to an amount which, when added
10 to the outstanding mortgage indebtedness on the prop-
11 erty, creates a total outstanding indebtedness which does
12 not exceed the original principal obligation of the mort-
13 gage;

14 “(ii) have a maturity satisfactory to the Commis-
15 sioner but not to exceed the remaining term of the
16 mortgage;

17 “(iii) be secured in such manner as the Commis-
18 sioner may require;

19 “(iv) contain such other terms, conditions, and
20 restrictions as the Commissioner may prescribe; and

21 “(v) represent the obligation of a borrower of the
22 character described in paragraph (1) of subsection
23 (a).”

ADDITIONAL MORTGAGE INSURANCE ON MULTIFAMILY PROJECTS

SEC. 507. (a) Section 223 of the National Housing Act is amended by adding at the end thereof the following new subsection:

6 “(c) With respect to any mortgage, other than a mort-
7 gage covering a one- to four-family structure, heretofore or
8 hereafter insured by the Commissioner, and notwithstanding
9 any other provision of this Act, when the taxes, interest on
10 the mortgage debt, mortgage insurance premiums, hazard
11 insurance premiums, and the expense of maintenance and
12 operation of the project covered by such mortgage during
13 the first two years following the date of completion of the
14 project, as determined by the Commissioner, exceed the
15 project income, the Commissioner may, in his discretion and
16 upon such terms and conditions as he may prescribe, permit
17 the excess of the foregoing expenses over the project income
18 to be added to the amount of such mortgage, and extend the
19 coverage of the mortgage insurance thereto, and such addi-
20 tional advance shall be deemed to be part of the original face
21 amount of the mortgage.”

(b) Such section is further amended by striking out
“213, or 222” each time it appears in subsection (a) and

1 inserting in lieu thereof "213, 220, 221, 222, 231, 232, or
2 233".

3 NURSING HOMES

4 SEC. 508. Section 232 (d) (2) of the National Housing
5 Act is amended by striking out the words following the
6 comma and inserting in lieu thereof the following: "and not
7 to exceed (in the case of a property or project approved for
8 mortgage insurance prior to the beginning of construction)
9 90 per centum of the amount which the Commissioner esti-
10 mates will be the replacement cost of the property or project
11 when the proposed improvements are completed (the re-
12 placement cost may include the land, the proposed physical
13 improvements, utilities within the boundaries of the land,
14 architect's fees, taxes, interest during construction, and other
15 miscellaneous charges incident to construction and approved
16 by the Commissioner, and shall include an allowance for
17 builder's and sponsor's profit and risk of 10 per centum of
18 all of the foregoing items except the land unless the Com-
19 missioner, after certification that such allowance is unreason-
20 able, shall by regulation prescribe a lesser percentage) : *Pro-*
21 *vided*, That in the case of properties other than new con-
22 struction the principal obligation shall not exceed 90 per
23 centum of the Commissioner's estimate of the value of the
24 property or project when the proposed improvements are
25 completed."

1 TECHNICAL OR CONFORMING AMENDMENTS

2 SEC. 509. (a) Section 203 of the National Housing Act
3 is amended by (1) striking out in subsection (b) (3) the
4 words "insurance of the mortgage" and inserting in lieu
5 thereof "beginning of amortization of the mortgage", and (2)
6 striking out in the first proviso of the second sentence of
7 subsection (c) the words "particular insurance fund" and
8 inserting in lieu thereof "particular insurance fund or ac-
9 count".

10 (b) The second sentence of section 204 (d) of such Act
11 is amended by inserting after "mortgagee after default," the
12 following: "except that debentures issued pursuant to the
13 provisions of section 220 (f), section 221 (g), and section
14 233 may be dated as of the date the mortgage is assigned,
15 or the property is conveyed, to the Commissioner,".

16 (c) The last sentence of section 204 (g) of such Act is
17 amended to read as follows: "The power to convey and to
18 execute in the name of the Commissioner deeds of convey-
19 ance, deeds of release, assignments and satisfactions of mort-
20 gages, and any other written instrument relating to real or
21 personal property or any interest therein heretofore or here-
22 after acquired by the Commissioner pursuant to the provi-
23 sions of this Act, may be exercised by the Commissioner or
24 by any Assistant Commissioner appointed by him, without
25 the execution of any express delegation of power or power of

1 attorney: *Provided*, That nothing in this subsection shall be
2 construed to prevent the Commissioner from delegating such
3 power by order or by power of attorney, in his discretion, to
4 any officer, agent, or employee he may appoint: *And pro-*
5 *vided further*, That a conveyance or transfer of title to real
6 or personal property or an interest therein to the Federal
7 Housing Commissioner, his successors and assigns, without
8 identifying the Commissioner therein, shall be deemed a
9 proper conveyance or transfer to the same extent and of like
10 effect as if the Commissioner were personally named in such
11 conveyance or transfer.”

12 (d) Section 209 of such Act is amended by striking out
13 in the second sentence “shall be charged as a general ex-
14 pense of the Fund, the Housing Fund, and the Defense
15 Housing Insurance Fund in such proportion as the Com-
16 missioner shall determine” and inserting in lieu thereof
17 “shall be charged as a general expense of such insurance
18 fund or funds, or account or accounts, as the Commissioner
19 shall determine”.

20 (e) Section 212 of such Act is amended by—

21 (1) striking out in the second sentence of subsec-
22 tion (a) “any mortgage under section 220” and insert-
23 ing in lieu thereof “any loan or mortgage under section
24 220 or section 233”; and

25 (2) striking out in the third sentence of subsection

(a) "in subsection (d) (4)" and inserting in lieu thereof "in subsection (d) (3) in the case of a cooperative or a limited profit mortgagor, or in subsection (d) (4)".

(f) The text of section 219 of such Act is amended to read as follows: "Notwithstanding any limitations contained in other sections of this Act as to the use of moneys credited to the Title I Insurance Account, the Title I Housing Insurance Fund, the Section 203 Home Improvement Account, the Housing Insurance Fund, the War Housing Insurance Fund, the Housing Investment Insurance Fund, the Armed Services Housing Mortgage Insurance Fund, the National Defense Housing Insurance Fund, the Section 220 Housing Insurance Fund, the Section 220 Home Improvement Account, the Section 221 Housing Insurance Fund, the Experimental Housing Insurance Fund, the Apartment Unit Insurance Fund, or the Servicemen's Mortgage Insurance Fund, the Commissioner is hereby authorized to transfer funds from any one or more of such insurance funds or accounts to any other such fund or account in such amounts and at such times as the Commissioner may determine, taking into consideration the requirements of such funds or accounts, separately and jointly to carry out effectively the insurance programs for which such funds or accounts were established."

(g) Section 220 (f) of such Act is amended by—

1 (1) striking out “or” at the end of paragraph (1),

2 (2) striking out the period at the end of paragraph

3 (2) and inserting in lieu thereof “; or”, and

4 (3) adding at the end thereof the following:

5 “(3) as to mortgages meeting the requirements of this
6 section that are insured or initially endorsed for insurance
7 after the date of enactment of the Housing Act of 1961, not-
8 withstanding the provisions of paragraphs (1) and (2) of
9 this subsection, the Commissioner may, in accordance with
10 such regulations as he may prescribe, acquire a mortgage
11 loan that is in default and the security therefor upon payment
12 to the mortgagee in debentures of a total amount equal to the
13 unpaid principal balance of the loan plus any accrued inter-
14 est and any advances approved by the Commissioner and
15 made previously by the mortgagee under the provisions
16 of the mortgage. After the acquisition of the mortgage by
17 the Commissioner the mortgagee shall have no further rights,
18 liabilities, or obligations with respect to the loan or the
19 security for the loan. The appropriate provisions of sections
20 204 and 207 relating to the rights, liabilities, and obligations
21 of a mortgagee shall apply with respect to the Commissioner
22 when he has acquired an insured mortgage under this sub-
23 section, in accordance with and subject to regulations (modi-
24 fying such provisions to the extent necessary to render their

1 application for such purposes appropriate and effective)
2 which shall be prescribed by the Commissioner.”

3 (h) The first sentence of section 224 of such Act is
4 amended to read as follows: “Notwithstanding any other
5 provisions of this Act, debentures issued under any section
6 of this Act with respect to a loan or mortgage accepted for
7 insurance on or after thirty days following the effective date
8 of the Housing Act of 1954 (except debentures issued pur-
9 suant to paragraph (4) of section 221 (g)) shall bear in-
10 terest at the rate in effect on the date the commitment to in-
11 sure the loan or mortgage was issued, or the date the loan
12 or mortgage was endorsed for insurance, or (when there are
13 two or more insurance endorsements) the date the loan or
14 mortgage was initially endorsed for insurance, whichever
15 rate is the highest, except that debentures issued pursuant
16 to section 220 (f), section 220 (h) (7), section 221 (g),
17 or section 233 may, at the discretion of the Commissioner,
18 bear interest at the rate in effect on the date they are
19 issued.”

20 (i) Section 226 of such Act is amended by—

21 (1) striking out in the first sentence “222, or”
22 and inserting in lieu thereof “222, 233, 234, or”; and

23 (2) striking out in the third sentence the words
24 “that a written statement setting forth such estimate”

1 and inserting in lieu thereof the following: "or on the
2 basis of any other estimates of the Commissioner, that a
3 written statement setting forth such estimate or esti-
4 mates, as the case may be,".

5 (j) Section 227 of the National Housing Act is amended
6 by—

7 (1) striking out in subsection (a) "or (vi) under
8 section 810 if the mortgage meets the requirements of
9 subsection (f)" and inserting in lieu thereof "(vi)
10 under section 233 if the mortgage meets the require-
11 ments of subsection (b) (2), or (vii) under section 810
12 if the mortgage meets the requirements of subsection
13 (f)";

14 (2) striking out in subsection (b) the word
15 "value" and inserting in lieu thereof "value, cost,"; and

16 (3) striking out in the second and third sentences
17 of subsection (c) "section 221 if the mortgage meets
18 the requirements of paragraph (4) of subsection (d)
19 thereof, or section 231," and inserting in lieu thereof
20 "section 221 (d) (3), section 221 (d) (4), section 231,
21 or section 233 (b) (2),".

22 (k) The text of section 229 of such Act is amended to
23 read as follows: "Notwithstanding any other provision of
24 this Act and with respect to any loan or mortgage heretofore
25 or hereafter insured under this Act, except under section 2,

1 the Commissioner is authorized to terminate any insurance
2 contract upon request by the borrower or mortgagor and
3 the financial institution or mortgagee and upon payment of
4 such termination charge as the Commissioner determines to
5 be equitable, taking into consideration the necessity of pro-
6 tecting the various insurance Funds and Accounts. Upon
7 such termination, borrowers and mortgagors and financial
8 institutions and mortgagees shall be entitled to the rights, if
9 any, to which they would be entitled under this Act if the
10 insurance contract were terminated by payment in full of
11 the insured loan or mortgage.”

12 (1) Section 231 (c) (2) of such Act is amended by in-
13 serting after “attributable to dwelling use” the following:
14 “(excluding exterior land improvements as defined by the
15 Commissioner) ”.

16 TITLE VI—OPEN SPACE AND URBAN

17 DEVELOPMENT

18 FINDINGS AND PURPOSE

19 SEC. 601. (a) The Congress finds that a combination of
20 economic, social, governmental, and technological forces have
21 caused an unprecedentedly rapid and wasteful expansion and
22 sprawl of the Nation’s urban areas, which has created critical
23 problems of service and finance for all levels of government
24 and which, combined with a rapid population growth in such
25 areas, threatens severe problems of urban and suburban liv-

1 ing, including the loss of valuable open-space land in and
2 around such areas, for the preponderant majority of the
3 Nation's present and future population.

4 (b) It is the purpose of this title to help curb urban
5 sprawl and prevent the spread of urban blight and deteriora-
6 tion, to encourage more economic and desirable urban de-
7 velopment, and to help provide necessary recreational, con-
8 servation, and scenic areas by assisting State and local
9 governments in taking prompt action to preserve open-space
10 land which is essential to the proper long-range development
11 and welfare of the Nation's urban areas, in accordance with
12 plans for the allocation of such land for open-space purposes.

13 FEDERAL GRANTS

14 SEC. 602. (a) In order to encourage and assist in the
15 timely acquisition of land to be used as permanent open-
16 space land, as defined herein, the Housing and Home
17 Finance Administrator (herein referred to as the "Adminis-
18 trator") is authorized to make grants to State and local
19 public bodies acceptable to the Administrator as capable of
20 carrying out the provisions of this title to help finance the
21 acquisition of title to, or other permanent interests in, such
22 land. The amount of any such grant shall not exceed 25
23 per centum of the total cost, as approved by the Adminis-
24 trator, of acquiring such interests: *Provided*, That this limi-
25 tation may be increased to not to exceed 35 per centum

1 in the case of a grant extended to a public body which (1)
2 exercises responsibilities consistent with the purposes of this
3 title for an urban area as a whole, or (2) exercises or partici-
4 pates in the exercise of such responsibilities for all or a sub-
5 stantial portion of an urban area pursuant to an interstate
6 or other intergovernmental compact or agreement.

7 (b) The Administrator may contract to make grants
8 under this title aggregating not to exceed \$100,000,000.
9 The faith of the United States is solemnly pledged to the
10 payment of all such grants, and there are hereby authorized
11 to be appropriated, out of any moneys in the Treasury not
12 otherwise appropriated, the amounts necessary to provide
13 for such payments as well as to carry out all other purposes
14 of this title.

15 (c) No grants under this title shall be used to defray
16 development costs or ordinary State or local governmental
17 expenses.

18 (d) The Administrator may set such further terms and
19 conditions for assistance under this title as he determines to
20 be desirable.

21 (e) The Administrator shall consult with the Secretary
22 of the Interior on the general policies to be followed in re-
23 viewing applications for grants. To assist the Administrator
24 in such review, the Secretary of the Interior shall furnish
25 him appropriate information on the status of recreational

1 planning for the areas to be served by the open-space land
2 acquired with the grants. The Administrator shall provide
3 current information to the Secretary from time to time on
4 significant program developments.

5 PLANNING REQUIREMENTS

6 SEC. 603. (a) The Administrator shall make grants
7 for the acquisition of land under this title only if he finds
8 that (1) the proposed use of the land for permanent open
9 space is important to the execution of a comprehensive plan
10 meeting criteria he has established for such plans, and (2)
11 a program of comprehensive planning (as defined in sec-
12 tion 701 (d) of the Housing Act of 1954) is being actively
13 carried on for the urban area.

14 (b) In extending financial assistance under this title,
15 the Administrator shall take such action as he deems ap-
16 propriate to assure that local governing bodies are pre-
17 serving a maximum of open-space land, with a minimum
18 of cost, through the use of existing public land; the use
19 of special tax, zoning, and subdivision provisions; and the
20 continuation of appropriate private use of open-space land
21 through acquisition and leaseback, the acquisition of re-
22 strictive easements, and other available means.

23 (c) In the processing of applications for assistance
24 under this title, the Administrator shall consider the ex-
25 tent to which the communities to be assisted are encour-

1 aging, through zoning regulations and otherwise, orderly
2 residential and other community development and renewal
3 and are encouraging the availability of an adequate supply
4 of decent housing at reasonable cost.

5 CONVERSIONS TO OTHER USES

6 SEC. 604. No open-space land for which a grant has
7 been made under this title shall, without the approval of the
8 Administrator, be converted to uses other than those origi-
9 nally approved by him. The Administrator shall issue no
10 approval for conversion of land from open-space use unless
11 he finds that such conversion is essential to the orderly de-
12 velopment and growth of the urban area involved and is in
13 accord with the then applicable comprehensive plan, meet-
14 ing criteria established by him. The Administrator shall
15 issue such approval only upon such conditions as he deems
16 necessary to assure the substitution of other open-space land
17 of at least equal fair market value and of as nearly as feasible
18 equivalent usefulness and location.

19 TECHNICAL ASSISTANCE, STUDIES, AND PUBLICATION OF 20 INFORMATION

21 SEC. 605. In order to carry out the purposes of this
22 title the Administrator is authorized to provide technical
23 assistance to State and local public bodies and to undertake
24 such studies and publish such information, either directly or
25 by contract, as he shall determine to be desirable. There

1 are hereby authorized to be appropriated, out of any moneys
2 in the Treasury not otherwise appropriated, such amounts
3 as may be necessary to provide for such assistance, studies,
4 and publication. Nothing contained in this section shall
5 limit any authority of the Administrator under any other
6 provision of law.

7 DEFINITIONS

8 SEC. 606. (a) As used in this title—

9 (1) The term “open-space land” means any undevel-
10 oped or predominantly undeveloped land, including agricul-
11 tural land, in or adjoining an urban area, which has (A)
12 economic and social value as a means of shaping the charac-
13 ter, direction, and timing of community development; (B)
14 recreational value; (C) conservation value in protecting
15 natural resources; or (D) historic, scenic, scientific, or
16 esthetic value.

17 (2) The term “urban area” means any area which is
18 urban in character, including those surrounding areas which,
19 in the judgment of the Administrator, form an economic and
20 socially related region, taking into consideration such factors
21 as present and future population trends and patterns of urban
22 growth, location of transportation facilities and systems, and
23 distribution of industrial, commercial, residential, govern-
24 mental, institutional, and other activities.

25 (3) The term “State” means any of the several States,

1 the District of Columbia, the Commonwealth of Puerto Rico,
2 the Virgin Islands, and Guam.

3 TITLE VII—OTHER HOUSING PROGRAMS

4 FARM HOUSING

5 SEC. 701. (a) Section 502 (b) (1) of the Housing Act
6 of 1949 is amended by striking out “and such additional
7 security” and inserting in lieu thereof the words “or such
8 other security”.

9 (b) Sections 511, 512, and 513 of such Act are each
10 amended by striking out “1961” and inserting in lieu thereof
11 “1966”.

12 (c) This section shall take effect as of July 1, 1961.

13 HOME OWNERS’ LOAN ACT OF 1933

14 SEC. 702. Section 5 (c) of the Home Owners’ Loan Act
15 of 1933 is amended by striking out “in loans insured under
16 title I of the National Housing Act, as amended,” in the first
17 sentence of the second paragraph and inserting in lieu thereof
18 “in loans insured under title I of the National Housing Act,
19 in home improvement loans insured under title II of the Na-
20 tional Housing Act,”.

21 FEDERAL RESERVE ACT

22 SEC. 703. Section 24 of the Federal Reserve Act is
23 amended by inserting at the end of the next to the last para-
24 graph a sentence as follows: “Home improvement loans
25 which are insured under the provisions of section 203 (k)

1 or 220 (h) of the National Housing Act may be made with-
2 out regard to the first lien requirements of this section.”

3 VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

4 SEC. 704. Section 610 (a) of the Housing Act of 1954
5 is amended by striking out “1961” and inserting in lieu
6 thereof “1965”.

7 DISPOSAL OF PASSYUNK WAR HOUSING PROJECT

8 SEC. 705. Section 802 (a) of the Housing Act of 1959
9 is amended by striking out “five” in the first sentence and
10 inserting in lieu thereof “six”.

11 VETERANS’ ADMINISTRATION DIRECT HOME LOANS

12 SEC. 706. (a) (1) Paragraphs (2) and (3) of sub-
13 section (d) of section 1811 of title 38, United States Code,
14 are amended to read as follows:

15 “(2) No veteran may obtain loans under this sec-
16 tion aggregating more than \$13,500; except that such
17 amount may be increased to not more than \$15,000 in
18 the case of any veteran, if the Administrator determines
19 that such higher amount is necessary to cover the
20 higher costs of construction which exist as a result of
21 prevailing climatic conditions in the area in which the
22 veteran is seeking to acquire a home with a loan under
23 this section.

24 “(3) The original principal amount of any loan made
25 under this section shall not exceed an amount which bears

1 the same ratio to \$13,500 (or \$15,000 in the case of any
2 veteran with respect to whom a determination has been made
3 by the Administrator under paragraph (2) of this subsec-
4 tion) as the amount of guaranty to which the veteran is
5 entitled under section 1810 of this title at the time the
6 loan is made bears to \$7,500; and the guaranty entitlement
7 of any veteran who heretofore or hereafter has been granted
8 a loan under this section shall be charged with an amount
9 which bears the same ratio to \$7,500 as the amount of
10 the loan bears to \$13,500 (or \$15,000 in the case of any
11 veteran with respect to whom a determination has been
12 made by the Administrator under paragraph (2) of this
13 subsection).”

14 (2) Subsection (h) of such section 1811 is amended to
15 read as follows:

16 “(h) (1) Notwithstanding any limitation under section
17 1803 (a) of this title with respect to the eligibility of vet-
18 erans of World War II or the Korean conflict, no loan
19 may be made under this section to any veteran after the
20 expiration of his entitlement as hereinafter described, except
21 pursuant to a commitment issued by the Administrator before
22 such entitlement expires.

23 “(2) A World War II veteran’s entitlement to benefits
24 under this section will expire as follows:

25 “(A) Ten years from the date of discharge or re-

1 lease from the last period of active duty of the veteran,
2 any part of which occurred during World War II, plus
3 an additional period equal to one year for each four
4 months of active duty performed by the veteran during
5 World War II, except that the veteran's entitlement
6 under this section shall not continue in any case after
7 July 25, 1967, nor shall entitlement expire under this
8 section in any case prior to July 25, 1962; or

9 “(B) On July 25, 1967, for a veteran discharged
10 or released for a service-connected disability from a
11 period of active duty, any part of which occurred during
12 World War II.

13 “(3) A Korean conflict veteran's entitlement to bene-
14 fits under this section will expire as follows:

15 “(A) Ten years from the date of discharge or re-
16 lease from the last period of active duty of the veteran,
17 any part of which occurred during the Korean conflict,
18 plus an additional period equal to one year for each four
19 months of active duty performed by the veteran during
20 the Korean conflict, except that entitlement shall not
21 continue in any case after January 31, 1975, nor shall
22 entitlement expire in any case prior to January 31,
23 1965; or

24 “(B) On January 31, 1975, for a veteran dis-
25 charged or released for a service-connected disability

1 from a period of active duty, any part of which occurred
2 during the Korean conflict.

3 “(4) Notwithstanding the last sentence of section 1802
4 (b) of this title, entitlement restored under such subsection
5 in the case of loans made under this section may be used
6 by a World War II veteran at any time before July 26,
7 1967, and by a Korean conflict veteran at any time before
8 February 1, 1975.”

9 (b) (1) Section 1823 (a) of title 38, United States
10 Code, is amended—

11 (A) by deleting “June 30, 1962” in the second
12 sentence and substituting therefor “June 30, 1961”;

13 (B) by changing the comma to a period in the
14 fourth sentence and deleting the remainder of that
15 sentence;

16 (C) by inserting the following new sentences im-
17 mediately after the third sentence: “The Secretary of
18 the Treasury shall also advance to the Administrator
19 from time to time such additional sums as the Admin-
20 istrator may request, not in excess of \$100,000,000 to
21 be immediately available, plus an additional amount not
22 in excess of \$400,000,000 after June 30, 1961, plus
23 \$200,000,000 after June 30, 1962, plus \$150,000,000
24 after June 30, 1963, plus \$150,000,000 after June 30,
25 1964, plus \$100,000,000 after June 30, 1965, plus

1 \$100,000,000 after June 30, 1966. Any such author-
2 ized advance which is not requested by the Administrator
3 in the fiscal year in which the advance may be made
4 shall be made thereafter when requested by the Admin-
5 istrator, except that no such request or advance may
6 be made after June 30, 1967. Such authorized ad-
7 vances are not subject to the quarter annual limitation
8 in the second sentence of this subsection, but the amount
9 authorized to be advanced in any fiscal year after June
10 30, 1962, shall be reduced only by the amount which
11 has been returned to the revolving fund during the pre-
12 ceding fiscal year from the sale of loans pursuant to
13 section 1811 (g) of this title.”

(2) The last sentence of section 1823 (c) of title 38, United States Code, is amended by striking out "June 30, 1963" and inserting in lieu thereof the following: "June 30, 1976".

18 ADMINISTRATIVE

19 SEC. 707. Section 502 of the Housing Act of 1948 is
20 amended by—

21 (1) striking out in subsection (c) (3) the first
22 proviso, the colon thereafter, and the words “*And pro-*
23 *vided further,*” and inserting in lieu thereof “*Provided,*”;
24 and

1 (2) adding at the end thereof the following sub-
2 section:

3 “(d) The Housing and Home Finance Administrator,
4 the Federal Housing Commissioner, and the Public Housing
5 Commissioner, respectively, may utilize funds made available
6 to them for salaries and expenses for payment in advance
7 for dues or fees for library memberships in organizations (or
8 for membership of the individual librarians of the respective
9 agencies in organizations which will not accept library
10 membership) whose publications are available to members
11 only, or to members at a price lower than to the general
12 public, and for payment in advance for publications available
13 only upon that basis or available at a reduced price on pre-
14 publication order.”

87TH CONGRESS
1ST SESSION

S. 1922

[Report No. 281]

A BILL

To assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

By Mr. SPARKMAN

MAY 19, 1961

Read twice and ordered to be placed on the calendar

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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HIGHLIGHTS: Sen. Humphrey commended food for peace program. Rep. Schwengel criticized farm bill. Rep. May urged increases in domestic sugar quotas. House subcommittee voted to report housing bill.

SENATE

1. EDUCATION. Continued debate on S. 1021, to authorize a program for Federal financial assistance for public education, including assistance for schools in federally impacted areas. pp. 8128-44, 8146-36, 8188-90, 8205-12
2. FOOD FOR PEACE. Sen. Humphrey reviewed recent developments in the food for peace program, commended the "remarkable strides" made by the program, and stated that "more food will be shipped to hungry millions during the calendar year 1961 than has been shipped during any other single year since the enactment of Public Law 480 in 1954." He inserted a White House release announcing the appointment of the members of the American Food for Peace Council and inserted several articles and editorials commending the program. pp. 8125-3
3. TRANSPORTATION. Sen. Williams, N. J., inserted the script of a television program discussing problems of the railroads, NRC White Paper No. 6: "Railroads: End of the Line?" pp. 8200-05
4. HOUSING. As reported by the Banking and Currency Committee, S. 1922, the omnibus housing bill, includes provisions as follows: Extends for 5 years, until June 30, 1966, the farm housing loans program which provides for loans and grants to owners of farms for the construction, improvement, alteration, repair,

or replacement of dwellings and other farm buildings, and authorizes the use of the remainder of the original authorization of \$450 million, or approximately \$200 million, of direct Treasury borrowings to be used for this program during the additional 5-year period. Extends the veterans' direct loan program for the purchase of homes in rural areas or in small cities and towns until July 25, 1965 for veterans of World War II, and until January 31, 1975 for veterans of the Korean conflict, and increases the amount of loan that a veteran may obtain from \$13,500 to \$15,000. Provides for Federal grants to assist States and local governments in preserving open-space land in and around urban areas which is essential for economic, social, conservation, recreational, or esthetic reasons.

HOUSE

5. SUGAR. Rep. May spoke on H. R. 7223, to extend the Sugar Act for 5 years and to establish new basic domestic quotas from which our American farmers could increase sugar production, saying "No foreign nation can be expected to lose respect for America for taking care of our own people before we turn to them for additional sugar needs." pp. 8252
6. FARM PROGRAM. Rep. Schwengel criticized the Administration farm bill and urged support for the proposed Cropland Adjustment Act of 1961, saying "To assist growers of feed grains, wheat, soybeans, and flax in adjusting production to market needs and provide for an orderly liquidation of Government surpluses, I favor a properly designed and administered program ... now pending in the form of H. R. 4267 and S. 1246." pp. 8259-61
7. RICE. The Oilseeds and Rice Subcommittee of the Agriculture Committee voted to report to the full committee with amendments, H. R. 3689, to provide for the transfer of rice acreage history where a producer withdraws from the production of rice. p. D383
8. PEANUTS. The Oilseeds and Rice Subcommittee of the Agriculture Committee voted to report to the full committee with amendments H. R. 1021, to extend for 2 years the definition of "peanuts" which is now in effect under the Agricultural Adjustment Act of 1938 so as to exclude from acreage allotments and marketing quotas any peanuts produced and marketed for consumption as boiled peanuts. p. D383
9. PERSONNEL; AWARDS. Rep. O'Hara, Ill., commended Miss Marjorie Mason, Evanston, Ill., CCC Commodity Office, for receiving a Superior Service Award from this Department. p. 8213
10. SURPLUS PROPERTY. The Government Activities Subcommittee voted to report to the full committee H. R. 5294, to revise a restriction on the conveyance of surplus land for historic monument purposes. p. D383
11. HOUSING. The Housing Subcommittee of the Banking and Currency Committee voted to report to the full committee with amendments H. R. 6028, to assist in the provision of housing for moderate- and low-income families, to promote orderly urban development, to extend and amend laws, relating to housing, urban renewal and community facilities. p. D383
12. CLAIMS. The Judiciary Committee reported without amendments H. R. 6835, to simplify the payment of certain miscellaneous judgments and the payment of certain compromise settlements against the U. S. (H. Rept. 428). p. 8267

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
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HIGHLIGHTS: Senate received President's proposed foreign aid bill. Sen. Fulbright introduced and discussed this bill. Senate passed bill to provide for establishment of Joint Committee on the Budget. Senate committee reported bill to continue use of surplus commodities to assist underdeveloped areas. Sen. Williams, N. J., urged restrictions on use of Mexican farm labor. House committee voted to report housing bill.

SENATE

1. **FOREIGN AID.** Received from the President his proposed foreign aid bill; to Foreign Relations Committee (pp. 8469-70). Attached to this Digest are excerpts from the President's letter transmitting the proposed bill.

Sen. Humphrey urged support for the bill and stated that he would do his best "to see to it that our foreign aid program is put on a continuing, long-term basis, rather than operated as a year-by-year, hypodermic, prophylactic treatment which cures nothing." pp. 8524-5

Sen. Fulbright announced that hearings by the Foreign Relations Committee on the bill would begin Wed., May 31. p. 8476

The Foreign Relations Committee voted to report (but did not actually report) with an amendment in the nature of a substitute bill S. 324, to provide for the establishment of a White Fleet of ships to render emergency assistance, including food supplies, to people of other nations in case of disaster. p. D394

The Foreign Relations Committee voted to report without amendment S. Res. 128, expressing it as the sense of the Senate that the President should explore with other nations the establishment of an international food and raw materials reserve under the auspices of the United Nations and related international organizations for the purpose of acquiring and storing in foreign countries raw or processed farm products and other raw materials. p. D394

2. SURPLUS COMMODITIES; FOREIGN AID. The Foreign Relations Committee reported without amendment S. 1720, to continue the authority of the President under title II of Public Law 480 to utilize surplus agricultural commodities to assist needy peoples and to promote economic development in underdeveloped areas abroad (S. Rept. 290). p. 8470
3. BUDGETING. Passed without amendment S. 529, to amend the Legislative Reorganization Act of 1946 so as to provide for a Joint Committee on the Budget to evaluate the fiscal requirements of the executive agencies of the Government, etc. (pp. 8490-1). See Digest 83 for a summary of the bill.
4. TOBACCO. Passed without amendment H. R. 4940, to establish for scrap and filler tobacco originating in the Philippines certain requirements to be met before such tobacco can enter the U. S. free of duty. This bill will now be sent to the President. p. 8493
5. PERSONNEL. Passed without amendment S. 1456, to authorize an additional Assistant Secretary of Commerce. p. 8490
6. LAND. Passed without amendment S. 537, to amend the Surplus Property Act of 1944 so as to remove a technical restriction on the conveyance of surplus land for historic-monument purposes. p. 8491
7. PUBLICATIONS. Passed without amendment S. 540, to authorize agencies of the Federal Government to pay in advance for required publications. p. 8491
8. SURPLUS PROPERTY. Passed without amendment S. 796, to amend the Federal Property and Administrative Service Act so as to authorize the use of surplus property by State distribution agencies. p. 8492
9. HOUSING. Passed over, at the request of Sen. Muskie, S. 1922, the omnibus housing bill. p. 8494
10. TREASURY-POST OFFICE APPROPRIATION BILL, 1962. Passed over, at the request of Sen. Muskie, this bill, H. R. 5954. p. 5496
11. FARM PROGRAM. Sen. Symington inserted the testimony of Secretary Freeman before the S. Agriculture and Forestry Committee on May 3 in support of S. 1643, the farm bill. pp. 8479-83
12. FARM LABOR. The names of Sens. Hart, Proxmire, Dodd, Clark, Morse, Gruening, Kefauver, Case, N. J., Bartlett, Muskie, Long (Hawaii), and Burdick were added as cosponsors of S. 1945, to extend and amend the Mexican farm labor program. p. 8476
13. RURAL AFFAIRS. Passed without amendment S. 1869, to provide for the establishment of a commission on problems of small towns and rural counties. pp. 8494-5
14. GRAPES AND PLUMS. Passed without amendment S. 1462, authorizing the Secretary of Agriculture to establish minimum standards of quality for the exportation of any variety of grapes and plums. p. 8496
15. FARM LABOR. Sen. Williams, N. J., criticized the Mexican farm labor program, saying "providing foreign workers better protections than we accord American citizens raises the serious question of whether the rights and privileges of

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American citizenship are indeed as valuable and as meaningful as we have long voiced to ourselves and to the world," and inserted an article, "The Braceros Problem." pp. 8496-7

16. TAXATION. Sen. Morse stated "As an agriculturalist and as one who is a live-stock breeder of high quality livestock, both cattle and horses, I know that too frequently some farms are operated not on the basis of really a breeding establishment, but as a tax deduction establishment." p. 8505
17. PEACE CORPS. Sen. Humphrey inserted two articles, "Presbytery Asks Peace Corps Support," and "Peace Corps Foes Can't Slow Its Preparations." pp. 8522-3
18. LIVESTOCK. Sen. Miller inserted a table of slaughter steer prices, and said "commencing a week after the new emergency feed grains bill went into effect, livestock prices have been steadily falling." pp. 8525-6
19. LEGISLATIVE PROGRAM. Sen. Mansfield announced that on Thursday, H. R. 5954, the Treasury-Post Office appropriation bill, and on Friday, S. 1922, the omnibus housing bill, will be considered. p. 8515
20. ADJOURNED until Mon., May 29. p. 8930

HOUSE

21. HOUSING. The Banking and Currency Committee voted to report (but did not actually report) with amendments H. R. 6028, to assist in the provisions of housing for moderate- and low-income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities. p. D395

ITEMS IN APPENDIX

22. FARM MACHINERY; TRACTORS. Extension of remarks of Sen. Thurmond inserting an article "Times Have Changed" saying "Insofar as Castro's demand for 500 tractors or bulldozers is concerned, we have a case wherein, on the one hand, the U. S. Government has placed an embargo on shipments to Cuba so as to cripple Castro's economy, on the other, citizens of the United States are now busy trying to frustrate that embargo by supplying machinery the bearded leader so badly needs." pp. A3819-20

BILLS INTRODUCED

23. TRANSPORTATION. S. 1978, by Sen. Bartlett, to amend section 202(c) of the Interstate Commerce Act to provide for partial exemption from the provisions of part II of such act of terminal area motor carrier operations performed by or for common carriers by water in interstate commerce subject to the Shipping Act, 1916, and the Intercoastal Shipping Act, 1933; to Commerce Committee. Remarks of author. pp. 8472-3
24. COMMODITY EXCHANGES. S. 1980, by Sen. Ellender (by request), to amend the Commodity Exchange Act, as amended; to Agriculture and Forestry Committee.
25. FORESTRY. S. 1981, by Sen. Wiley (for himself and Sen. Proxmire), to authorize the establishment of the Ice Age National Park in the State of Wisconsin; to Interior and Insular Affairs Committee. Remarks of Sen. Wiley. pp. 8473-4

26. MONOPOLIES. S. 1982, by Sen. Kefauver, to supplement the Sherman Act and the Federal Trade Commission Act by prohibiting automobile manufacturers from engaging in the businesses of financing and insuring automobiles purchased by consumers; to Judiciary Committee.
27. FOREIGN AID. S. 1963, by Sen. Fulbright (by request), to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security; to Foreign Relations Committee. Remarks author. pp. 8474-5
H. Res. 314 and 315, by Reps. Kastenmeier and Kowalski, respectively, expressing the sense of Congress that the U. S. should offer to explore the possibilities for some exchange resulting in freeing captives and political prisoners in Cuba, including willingness to supply school lunches or milk for children in Cuba; to Foreign Affairs Committee. (Introduced May 24)
28. WHITE FLEET. S. Res. 154, by Sen. Humphrey (for himself and others), proposing the establishment of a White Fleet; to Foreign Relations Committee.

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COMMITTEE HEARINGS ANNOUNCEMENT:

May 29: Interior appropriation bill (includes Forest Service), S. Appropriations (exec-to mark up).

oOo

For supplemental information or copies of legislative material referred to, call Ext. 4654 or send to Room 105-A.

DUTY-FREE IMPORTS OF PHILIPPINE TOBACCO

The bill (H.R. 4940) relating to duty-free imports of Philippine tobacco was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill.

There being no objection, the Senate proceeded to consider the bill.

Mr. BYRD of Virginia. Mr. President, the bill H.R. 4940 would limit imports of certain Philippine tobaccos that may be charged to the United States duty-free quota, to those tobacco exports licensed by the Philippine Government for charge against the quota.

When the Philippines were granted their independence the agreement with that country called for a gradual imposition of import restrictions so that by 1974 our commercial relations will be on the same basis as with all other countries.

A duty-free quota of 6,500,000 pounds of filler and scrap tobacco was granted, this quota to be reduced year by year until by 1974 it will cease to exist. In order to make the transition orderly, the Philippine Government has granted licenses for the export of tobaccos under that quota.

The intent of that government has been circumvented by some who purchase Philippine tobaccos for shipment to other countries where no quota regulations exist, then trans-shipping that tobacco to the United States. The charge of this tobacco against the quota results in a reduction in the duty-free quantities which the licensed exporters in the Philippines might otherwise ship to the United States and enter duty-free.

This practice has been upsetting to the Philippine Government and to the tobacco growers of that country as well as to the regular market in the United States. The bill would allow imports under the quota to come in only if certified and licensed by the Philippine Government for shipment under that quota.

The PRESIDING OFFICER. The question is on the third reading of the bill.

The bill was ordered to a third reading, was read the third time, and passed.

RESTORATION TO INDIAN TRIBES OF PAYMENTS OF TRIBAL TRUST FUNDS

The bill (S. 1768) to provide for the restoration to Indian tribes of unclaimed per capita and the individual payments of tribal trust funds was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That unless otherwise specifically provided by law, the share of an individual member of an Indian tribe or group in a per capita or other distribution, individualization, segregation, or proration of Indian tribal or group funds held in trust by the United States, or in an annuity payment under a treaty, heretofore or hereafter authorized by law, shall be re-

stored to tribal ownership if for any reason such share cannot be paid to the individual entitled thereto and remains unclaimed for a period of six years from the date of the administrative directive to make the payment, or one year from the date of this Act, whichever occurs later: Provided, That if such individual is a member of an Indian tribe or group that has no governing body recognized by the Secretary of the Interior as authorized to act on behalf of the tribe or group, such unpaid share shall be regarded as not capable of restoration to a tribal or group entity and shall be deposited in the general fund of the Treasury of the United States.

DOCUMENTATION AND INSPEC- TION OF VESSELS OF THE UNITED STATES

The Senate proceeded to consider the bill (S. 1222) relating to documentation and inspection of vessels of the United States, which had been reported from the Committee on Commerce, with an amendment, on page 1, line 8, after the word "be", to strike out "subject to inspection, solely because such vessel takes on board on the high seas and transports without charge to a port of the United States the catch of another fishing vessel of the United States" and insert "considered as engaged in the transportation of freight for hire, solely because such vessel occasionally takes on board on the high seas and transports without a monetary consideration to a port of the United States, the catch of another fishing vessel of the United States", so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the laws of the United States relating to documentation and inspection of vessels of the United States, a vessel enrolled and licensed, or licensed as a vessel of the United States to engage in the fishery, shall not be deemed to be used in employment for which not licensed, and considered as engaged in the transportation of freight for hire, solely because such vessel occasionally takes on board on the high seas and transports without a monetary consideration to a port of the United States, the catch of another fishing vessel of the United States.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

PARTICIPATION BY NATIONAL GUARD IN REENACTMENT OF BAT- TLE OF FIRST MANASSAS

The Senate proceeded to consider the bill (S. 1342) to provide that participation by members of the National Guard in the reenactment of the Battle of First Manassas shall be held and considered to be full-time training duty under section 503 of title 10, United States Code, and for other purposes, which had been reported from the Committee on Armed Services, with amendments, on page 1, line 7, after the name "Manassas", to strike out "or in any other historical reenactment, pageant, or ceremony officially sanctioned or sponsored by the Civil War Centennial Commission (pursuant to its authority under the Act

of September 7, 1957 (71 Stat. 626)),", and on page 2, line 6, after the word "duty", to insert "under a call or order to perform training"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) any member of the Army National Guard of the United States or the Air National Guard of the United States who, in his status as a member of the National Guard, voluntarily participates in the reenactment of the Battle of First Manassas shall, while participating in and while proceeding directly to and from any such reenactment, pageant, or ceremony, be held and considered to be engaged in full-time training duty under a call or order to perform training under the provisions of section 503 of title 32, United States Code; but no such member shall be entitled to any pay or allowances from the Federal Government on account of his participation in any such reenactment, pageant, or ceremony.

(b) With respect to the transportation of members described in subsection (a) of this section, maximum utilization shall be made of transportation facilities issued to National Guard units by the Federal Government, and in any case in which such facilities are inadequate for such purpose, transportation facilities of the Armed Forces may be used to the extent deemed practicable by the Secretary of Defense.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

The title was amended, so as to read: "A bill to provide that participation by members of the National Guard in the reenactment of the Battle of First Manassas shall be held and considered to be fulltime training duty under section 503 of title 32, United States Code, and for other purposes.

PLUMBERS UNION LOCAL NO. 12 PENSION FUND

The bill (H.R. 1877) relating to the effective date of the qualification of Plumbers Union Local No. 12 pension fund as a qualified trust under section 401(a) of the Internal Revenue Code of 1954 was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Finance, with amendments, on page 2, after line 8, to insert a new section, as follows:

SEC. 2. (a) Section 809(d)(11) of the Internal Revenue Code of 1954 (relating to deductions in computing gain from operations in the case of certain mutualization distributions) is amended by striking out "in 1958 and 1959" and inserting in lieu thereof "in 1958, 1959, 1960, and 1961".

(b) Section 809(g)(3) of such Code (relating to application of section 815 to certain mutualization distributions) is amended by striking out "in 1959" and inserting in lieu thereof "in 1959, 1960, or 1961".

(c) The amendments made by subsections (a) and (b) shall apply to taxable years beginning after December 31, 1959.

And, after line 20, to insert a new section, as follows:

SEC. 3. (a) Paragraph 1102(b) of the Tariff Act of 1930, as amended (19 U.S.C. 1001; par. 1102), is amended by striking out "Cashmere goat," and by inserting after "other like animals" the following: "(including hair of animals like the Cashmere goat)".

(b) Paragraph 1102 of such Act is further amended by adding at the end thereof the following new subparagraph:

"(c) Hair of the Cashmere goat, in the grease or washed, 18 cents per pound of clean content; scoured, 21 cents per pound of clean content; on the skin, 16 cents per pound of clean content; sorted, or matchings, if not scoured, 19 cents per pound of clean content."

(c) The amendments made by this section shall apply to articles entered, or withdrawn from warehouse, for consumption, on or after the date of enactment of this Act, and to articles covered by entries or withdrawals which have not been liquidated or the liquidation of which has not become final on such date of enactment.

The amendments were agreed to.

Mr. BYRD of Virginia. Mr. President, H.R. 1877, as passed by the House, provided for the retroactive qualification under the Internal Revenue Code of the Plumbers Union, Local No. 12, pension fund, Boston, Mass., for the period prior to June 3, 1959, the day it qualified under the Internal Revenue Code. Last year in Public Law 86-781 and Public Law 86-779 Congress approved similar retroactive qualifications of seven other negotiated pension plans. This plan had not been brought to the attention of Congress in time to have been covered by the 1960 legislation. The bill permits contributions to the fund by employers to be deductible for Federal income tax purposes and insures tax exemption of income earned by the fund during the period mentioned.

Two amendments were added to the bill by the Committee on Finance. The first amendment, offered by Senator WILLIAMS, continues for 2 years, 1960 and 1961, the provision in the Life Insurance Company Income Tax Act of 1959 which permitted certain stock companies which had adopted a plan of mutualization prior to January 1, 1958, to deduct amounts expended in redeeming their outstanding stock from their shareholders in compliance with the plan of mutualization. It has developed that at least one such mutualized company was unable to complete its plan of mutualization within the period provided in the 1959 act. For this reason, your committee deemed it advisable to extend the period for 2 years, 1960 and 1961.

The other amendment approved by the Committee on Finance was offered by Senator MCCARTHY. It provides for reduced tariffs in the case of cashmere goat hair. The reduced tariffs provided by this bill are the same as those which were in effect under the trade agreement with Iran until the termination of that agreement. There is no known commercial production of cashmere in the United States. Further it does not appear that imported cashmere is competing with domestically produced sheep's wool and mohair. The reduced tariff provided by this amendment will apply to cashmere hair regardless of where in the world it was produced.

Mr. President, I have an amendment to the bill. The amendment is similar in purpose to the original House passed bill. It provides that the pension fund of the Composition Roofers, Damp and Waterproof Workers Association, Local Union No. 8, New York City, shall be deemed to have been qualified under the Internal Revenue Code for the period prior to November 24, 1958, the date on which it was held by the Internal Revenue Service to be qualified. Like the House version of H.R. 1877, this fund was not brought to the attention of the Congress in time to be included in the 1960 legislation. The amendment permits income-tax deduction for contributions by employers and provides tax exemption for income earned by the trust.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. At the end of the bill to add the following new section, as follows:

SEC. 4. The pension fund of the slate, tile, and roofing industry in New York City, which was created as a result of an agreement between the Composition Roofers, Damp and Waterproof Workers Association, Local Union Numbered 8, and several employer associations and other individual employers in the industry, and which has been held by the Internal Revenue Service to constitute a qualified trust under section 401(a) of the Internal Revenue Code of 1954, and to be exempt from taxation under section 501(a) of such Code, shall be held and considered to have been a qualified trust under such section 401(a) and to be exempt from taxation under such section 501(a), for the period beginning July 1, 1957, and ending November 24, 1958, but only if it is shown to the satisfaction of the Secretary of the Treasury or his delegate that the trust has not in this period been operated in a manner which would jeopardize the interest of its beneficiaries.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act relating to the effective date of the qualification of Plumbers Union Local No. 12 pension fund as a qualified trust under section 401(a) of the Internal Revenue Code of 1954, and for other purposes."

BILL PASSED OVER

The bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. MUSKIE. Over.

The PRESIDING OFFICER. The bill will go over.

COMMISSION ON PROBLEMS OF SMALL TOWNS AND RURAL COUNTIES

The bill (S. 1869) to provide for the establishment of a commission on problems of small towns and rural counties was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

ESTABLISHMENT OF THE COMMISSION

SECTION 1. There is hereby established a Commission to be known as the Commission on the Problems of Small Towns and Rural Counties (a small town being designated as having a population of less than ten thousand and a rural county being designated as having a population of less than fifty thousand) hereinafter referred to as the "Commission."

MEMBERSHIP OF THE COMMISSION

SEC. 2. (a) The Commission shall be composed of twenty members as follows:

(1) Six appointed from the Senate by the President of the Senate, four from the majority party and two from the minority party;

(2) Six appointed from the House of Representatives by the Speaker of the House of Representatives, four from the majority party and two from the minority party; and

(3) Eight appointed by the President of the United States as follows:

(A) Two from among the heads of Federal departments and agencies;

(B) Two from among the Governors of States having problems affecting small towns, not more than one from the same political party;

(C) Two from among the mayors of small towns in the United States, not more than one from the same political party; and

(D) Two from among the elected officials of rural counties in the United States, not more than one from the same political party.

(b) The members of the Commission shall select a Chairman from among such members from the Congress, and a Vice Chairman from among such members from the House of Congress other than that of the Chairman.

(c) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(d) Twelve members of the Commission shall constitute a quorum, but a lesser number may conduct hearings.

(e) Service of an individual as a member of the Commission or employment of an individual by the Commission as an attorney or expert in any business or professional field, on a part-time or full-time basis, with or without compensation, shall not be considered as service or employment bringing such individual within the provisions of section 281, 283, 284, 434, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes (5 U.S.C. 99).

DUTIES OF THE COMMISSION

SEC. 3. (a) The Commission shall make a full and complete investigation and study of Federal policies and programs relating to the needs and problems of the Nation's small-town and rural county areas for the purpose of determining—

(1) the present and prospective needs of the Nation's smalltown and rural county areas for public services, including but not limited to planning, highways, water resources, recreation facilities, prevention of juvenile delinquency, municipal and county financing, and business expansion, including ways and means to induce new business to smalltown and rural county areas;

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

Issued June 2, 1961
For actions of June 1, 1961
87th-1st, No. 91

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HIGHLIGHTS: Senate passed: Bill to continue use of surplus commodities to assist underdeveloped areas (Title II of Public Law 480); Treasury-Post Office appropriation bill; measure favoring establishment of international food reserve. House committee reported housing bill. Senate began debate on housing bill. House committee received permission to file report on USDA appropriation bill by Fri. (cont'd on last page)

HOUSE

- 1. APPROPRIATIONS.** By a vote of 256 to 71, passed without amendment H. R. 7371, the State, Justice, Judiciary, and related agencies appropriation bill for 1962. pp. 8706-28
The Appropriations Committee was granted until midnight tonight, June 1, to file a report on the agricultural appropriation bill for 1962. p. 8704
The Appropriations Committee was granted until midnight tonight, June 1, to file a report on the independent offices appropriation bill for 1962. p. 8704
- 2. FARM MACHINERY; TRACTORS.** Rep. Michel said that "from those who have knowledge of what the Cuban economy requires, they could not possibly use the 500 tractors for agricultural purposes, and I suspect that they would be used in barter with the Soviet Union or other satellite nations for much needed machine tools, weapons or anything of value to them." pp. 8735-6

3. TEXTILES. Rep. Dent said, "No man in Congress would stand still for one second if a bill was introduced setting aside a quota of the seats in Congress for Japan, Hong Kong, and other foreign countries, but most of us don't raise a whimper when we say to the textile companies and their workers, you must set aside so many jobs, so much profit, control your production to a certain percentage, so that a quota can be given to Japan, Hong Kong, and others." pp. 8742-3
 4. CCC AUDIT. Received from the Comptroller General a report on the audit of the Commodity Credit Corporation, Department of Agriculture, for the fiscal year 1960 (H. Doc. 181). p. 8744
 5. TAXATION. The Ways and Means Committee agreed that the chairman should introduce a bill to provide for a 1-year extension of the Korean corporate and excise taxes, and that the executive branch should expedite a study of user charges and the impact of taxes on the transportation industry with a view toward making recommendations at an early date. p. D405
 6. WILDLIFE REFUGES. The Merchant Marine and Fisheries Committee subcommittee on Wildlife Conservation and Fisheries voted to report to the full committee H. R. 4603 and H. R. 7062 (a clean bill to be introduced incorporating parts of both measures), regarding migratory bird refuges and waterfowl production areas. p. D405
 7. EDUCATION. The Education and Labor Committee reported without amendment H. R. 7300, to authorize a 3-year program of Federal financial assistance for public elementary and secondary schools and to amend Public Law 815 and Public Law 874 81st Congress (H. Rept. 445). pp. 8744-5
 8. HOUSING; LOANS. The Banking and Currency Committee reported with amendment H. R. 6028, to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities (H. Rept. 447). p. 8745
 9. LEGISLATIVE PROGRAM. Rep. Albert announced next week's program, including the following: Mon., Consent Calendar, Delaware River Basin Compact, and increase in borrowing power of Virgin Islands Corporation; Tues., Private Calendar and agricultural appropriation bill; Wed., independent offices appropriation bill. pp. 8706, 8730
 10. ADJOURNED until Mon., June 5. p. 8744
- SENATE
11. SURPLUS COMMODITIES; FOREIGN AID. Passed without amendment S. 1720, to continue the authority of the President under title II of Public Law 480 to utilize surplus agricultural commodities to assist needy peoples to promote economic development in underdeveloped areas abroad. p. 8658
 12. FOOD RESERVES. Agreed to without amendment S. Res. 128, expressing it as the sense of the Senate that the President should explore with other nations the establishment of an international food and raw materials reserve under the auspices of the United Nations and related international organizations for the purpose of acquiring and storing in foreign countries raw or processed farm products and other raw materials. pp. 8658-9

13. HOUSING. Began debate on S. 1922, the omnibus housing bill. pp. 8660, 8673, 8683-4, 8692-8703
14. TREASURY-POST OFFICE APPROPRIATION BILL, 1962. Passed with amendments this bill, H. R. 5954 (pp. 8634-6, 8641-4, 8646-8, 8652-3, 8657). Conferees were appointed (p. 8657).
15. PEACE CORPS. Both Houses received from the President a proposed bill to provide for the establishment of a Peace Corps; to S. Foreign Relations and H. Foreign Affairs Committees. pp. 8585, 8744
16. MANPOWER RESOURCES. Received from the President a proposed bill to provide for the training and retraining of unemployed workers in new occupational skills over a 4-year period. pp. 8596-7
17. WATER RESOURCES. The Public Works Committee voted to report (but did not actually report) S. 811, to establish a Wabash Basin Inter-agency Water Resources Commission, and S. 120, with amendment, to amend the Federal Water Pollution Control Act so as to provide a more effective program of water pollution control. p. D403
Sen. Holland inserted an address by Sen. Ellender discussing the importance and need for water resource development. pp. 8637-8
Sen. Hruska inserted a Nebr. Legislature resolution favoring development of the Missouri River Basin on a multiple benefit concept. pp. 8598-9
18. ROADS. The Public Works Committee reported H. R. 6713, to amend certain laws relating to Federal-aid highways and to make certain adjustments in the Federal-aid highway program (S.Rept. 293). The bill was referred to the Finance Committee for further consideration. p. 8600
19. PERSONNEL. Both Houses received a report of the Board of Actuaries of the Civil Service Retirement System for the fiscal year 1959 (H. Doc. 182). pp. 8596, 8744
Received an Ore. Legislature resolution favoring enactment of legislation providing for recognition of Federal employee unions. p. 8599
Sen. Humphrey commended the service of O. V. Wells, former Administrator of the Agricultural Marketing Service of this Department, stating that "Mr. Wells personifies the ideal career civil servant." p. 8626
20. SCHOOL MILK. Received a Calif. Legislature resolution urging extension and expansion of the school milk program. p. 8597
21. WATERSHEDS. The Public Works Committee approved the following watershed projects: Bayou Rapides, La.; Bull Creek, Ga.; Camp Rice Arroyo, Tex.; Fall River, Kans.; Lower Plum Creek, Tex.; Magma, Ariz.; Muddy Fork of Illinois River, Ark.; and Seven Mile Creek, Ill. p. D403
22. NATIONAL PARKS. Sen. Gruening inserted an article by Secretary of Interior Udall, "National Parks For The Future." pp. 8644-6
23. FARM PROGRAM. Sen. Carlson said "There are several countries in the Western Hemisphere that are anxious to ... purchase agricultural commodities, based on sugar purchases in the United States. It is my sincere hope that both the State Department and the Department of Agriculture will take advantage of this opportunity to increase agricultural exports, particularly wheat." pp. 8599-8600

Sen. Carlson inserted a statement by Kansas Livestock Association opposing the proposed Agricultural Act of 1961, saying "Livestock people ... want no part of a Government program where it will be necessary to ask some Government official what they can do and how they can do it before they move." p. 8599

Sen. Keating inserted an article "Farm Subsidies Hike Price of Groceries," and said "The President has given us the knife, and now he expects us to stick it in ourselves." pp. 8657-8

Sen. Humphrey inserted an article, "Administration Farm Procedure Supported," and said "We have justifiable pride in the intelligence of our people, and they find the farm measures of the administration to be commendable." p. 8676

24. URBAN AFFAIRS. Sen. Morse inserted a resolution by the Portland City Council endorsing President Kennedy's proposal for establishment of a Federal Department of Urban Affairs. pp. 8676-7

25. FOOD STAMPS. Sen. Randolph inserted two articles supporting the food stamp program, "Food and Jobs," and "Food-Stamp Plan Gets Underway in West Virginia -- Coal Mining Welch Area Becomes First Testing Ground for New U. S. Program." pp. 8690-2

26. FOREIGN AID. Agreed to without amendment S. Res. 154, favoring the establishment of a White Fleet of ships to render emergency assistance, including food supplies, to people of other nations in case of disaster. pp. 8659-60

ITEMS IN APPENDIX

27. FARM LABOR. Extension of remarks of Rep. Anfuso commending the establishment of a Business Council for International Understanding, urging prevention of "exploitation of migratory farm workers," and inserting a statement describing the "Pilot Plan For Latin America." pp. A3822-4

Extension of remarks of Rep. Cohelan commending Sen. Williams for his work on the problems of the migrant farm labor system, and insertion of a newspaper article which he states points out that there is "basic inconsistency in the fact that imported Mexican farmworkers are guaranteed wages and working conditions which our own farmworkers are not receiving." pp. A3948-9

28. FEDERAL AID; EDUCATION. Several Representatives extended remarks and inserted articles discussing the matter of Federal aid to education. pp. A3892, A3914, A3929-31, A3938-9, A3852-5

29. CIVIL SERVICE. Rep. Boggs inserted the speech of the executive director National Civil Service League, New Orleans, Career Service Awards Luncheon, "The True Meaning of Civil Service." pp. A3897-8

30. NATURAL RESOURCES. Extension of remarks of Sen. Metcalf and insertion of an article describing the short courses in resource management offered by the Montana State University and stating that this program has been expanded under the Government Employees Training Act. pp. A3901-2

31. FARM PROGRAM. Rep. Smith, Miss., inserted Rep. Cooley's speech at the annual meeting of the Delta Council discussing agricultural affairs in general and commending the Secretary, stating that the "farmers of America have found a true champion of their cause in Orville Freeman ..." pp. A3908-9

"(3) helping absorb temporary market surpluses of farm products and other raw materials (exclusive of minerals);

"(4) economic and social development programs formulated in cooperation with other appropriate international agencies.

"Participation by the United States in such an international food and raw materials reserve shall be contingent upon statutory authorization or treaty approval, as may be appropriate."

Senate Resolution 128 was introduced by Senator HUMPHREY on April 27, 1961. It contains substantially the same language as that agreed to by the Senate twice before: First, as an amendment to the Mutual Security Act of 1956 which, however, was deleted in conference; and second, as Senate Concurrent Resolution 116, which was the result of President Eisenhower's request of August 8, 1960, for a resolution endorsing a proposal, which was subsequently presented in October 1960 to the General Assembly, to make greater use of the combined agricultural abundance of all nations to feed the hungry of the world.

On May 26, in executive session, the committee ordered the resolution reported favorably to the Senate. It was the committee's belief that the Senate's continued interest in the exploration of imaginative ways of utilizing our surplus agricultural commodities will be demonstrated by the adoption of Senate Resolution 128.

Mr. HUMPHREY. Mr. President, I note for the RECORD that this measure is identical with the measure which was adopted last year on the same subject.

The PRESIDING OFFICER. The resolution is open to amendment.

If there be no amendment to be offered, the question is an agreeing to the resolution.

The resolution (S. Res. 128) was agreed to, as follows:

Resolved, That it is the sense of the Senate that the President should explore with other nations the establishment of an international food and raw materials reserve under the auspices of the United Nations and related international organizations for the purpose of acquiring and storing in appropriate countries raw or processed farm products and other raw materials, exclusive of minerals, with a view to their use in—

(1) preventing extreme price fluctuations in the international market in these commodities;

(2) preventing famine and starvation;

(3) helping absorb temporary market surpluses of farm products and other raw materials (exclusive of minerals);

(4) economic and social development programs formulated in cooperation with other appropriate international agencies.

Participation by the United States in such an international food and raw materials reserve shall be contingent upon statutory authorization or treaty approval, as may be appropriate.

WHITE FLEET TO RENDER EMERGENCY ASSISTANCE IN CASE OF DISASTER

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 264, Senate Resolution 154.

The PRESIDING OFFICER. The resolution will be stated by title.

The LEGISLATIVE CLERK. A resolution (S. Res. 154) relative to the establishment of a White Fleet designed to render emergency assistance to people of other nations in case of disaster.

* The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to; and the Senate proceeded to consider the resolution.

Mr. DIRKSEN. Mr. President, I know of the deep interest, and the early interest, which was manifested by the distinguished Senator from Vermont [Mr. AIKEN] when this fleet was created. While he is not presently in the Chamber, I think I should request for him at this point permission for him to insert a statement in the RECORD with reference to the resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. Indeed, the Senator from Vermont is one of the prime movers in this matter. It has been my privilege to join with him as a cosponsor of the measure.

Mr. AIKEN subsequently said: Mr. President, I am happy to support Senate Resolution 154, which encourages the President to establish a White Fleet for the purpose of rendering emergency aid to distressed people anywhere in the world and also to carry out technical assistance on a continuing basis in the developing nations of the world.

Last year, Mr. President, there was launched the Project Hope, a mercy ship supported by the contributions of the American people.

The success of this project has been phenomenal. Everywhere that the Hope has been it has lived up to its name. Grateful people from far distant places attest to this.

The sponsors of Project Hope are entitled to our deepest appreciation.

Under the White Fleet contributions of material, money, and services can still be made.

Not only will the establishment of this Fleet bring with it a vast amount of good will, but it will also bring to us the satisfaction of having done a bit more to alleviate the suffering of people of other lands.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have a portion of the report which relates to the resolution, as well as a brief statement by me, printed in the RECORD at this point.

There being no objection, the extracts and statement were ordered to be printed in the RECORD, as follows:

Senate Resolution 154 reads as follows: "Resolved, That it is the sense of the Senate that—

"(a) Whenever the President determines it to be in the national interest, in furtherance of the foreign policy of the United States, and consistent with the laws of the United States, he should take such action as may be required to provide for establishment of a White Fleet designed and equipped (1) to render prompt emergency aid and assistance to peoples of the coastal regions of other nations upon the occurrence of famine, epidemic disease, earthquake, flood, hurricane, or other disaster; and (2) to carry out technical assistance and training on a continuing basis in the developing nations of the world.

"(b) Such fleet should be established through the restoration to active service and the equipment of suitable vessels of the United States now mothballed in storage,

such vessels to be operated by appropriate nonprofit, private, philanthropic organizations of the United States devoted to providing emergency aid and assistance to relieve human suffering.

"(c) The vessels of such fleet should be suitably identified to proclaim their peaceful and beneficent purposes.

"(d) Fuel and operational supplies, port, repair, and navigational facilities of the United States throughout the world should be made available to such vessels in support of their activities.

"(e) Surplus food commodities of the United States should be utilized for the relief of hunger, and for furnishing medical and other supplies required for the use of the White Fleet.

"(f) The cooperation of private charitable organizations of the United States should be utilized for the furnishing of clothing and other relief supplies to meet the emergency needs of inhabitants of regions to which task groups of the fleet may be directed."

S. 324 was introduced by Mr. HUMPHREY and Mr. AIKEN, Mr. ANDERSON, Mr. CARROLL, Mr. CASE of New Jersey, Mr. CHURCH, Mr. CLARK, Mr. COOPER, Mr. ENGLE, Mr. GRUENING, Mr. HART, Mr. HARTKE, Mr. JACKSON, Mr. JAVITS, Mr. KEATING, Mr. KEFAUVER, Mr. MCCARTHY, Mr. McGEE, Mr. MORSE, Mr. MOSS, Mr. MUSKIE, Mr. PASTORE, Mr. PROXMIER, Mr. RANDOLPH, Mr. SYMINGTON, Mr. WILLIAMS of New Jersey, Mr. YARBOROUGH, Mr. YOUNG of Ohio, Mrs. NEUBERGER, Mr. LONG of Missouri, Mr. PELL, and Mr. CAPEHART on January 10, 1961. The committee considered the bill in executive session on May 25 and 26 and agreed to report the substance of S. 324 in the form of a Senate resolution. Authority to establish a White Fleet is already generally contained in the Mutual Security Act of 1954, as amended.

The committee's purpose in asking the Senate to express itself in favor of such an action is to stress the Senate's belief that such an undertaking would be in the national interest, as the operation of Project Hope has clearly demonstrated.

The original sponsors together with Mrs. NEUBERGER, Mr. LONG of Missouri, Mr. PELL, and Mr. CAPEHART have endorsed Senate Resolution 154, which was introduced by Mr. HUMPHREY on May 26, 1961. The committee hopes that the Senate will lend its support to this resolution.

STATEMENT BY SENATOR HUMPHREY

The Senate is being asked to consider Senate Resolution 154, a resolution designed to express the sense of the Senate that it supports the establishment by the President of a White Fleet—a force of mercy ships ready to rush assistance to disaster areas in any coastal region of the world, as well as to carry on a regular program of logistics support in the field of public health and other works of technical assistance.

The call for a White Fleet was first made in 1959, and again last year. Throughout the country, and indeed, throughout the world, interest and enthusiasm have been rising in support of the White Fleet concept.

Each year, coastal regions of the world are struck by the most terrible catastrophes—earthquakes, tidal waves, hurricanes, typhoons. And American assistance through our Armed Forces has been generously sent to assist in the rescue and rehabilitation work. Our private voluntary agencies and church groups have always rallied magnificently to bring relief to the victims of disaster.

In the great Chilean disaster of last spring, the U.S. Government joined the voluntary agencies and contingents from other nations in bringing help to the stricken Chilean people. But, as in every other disaster, what we and our friends were able to do in Chile was hastily improvised, less than we would have

been able to furnish with adequate planning, and far more expensive.

I would hope, that a White Fleet Command could be established, staffed by representatives of the U.S. Government, to serve as area and local commanders in those parts of the world where disasters strike with frequency and severity. These White Fleet commanders would have the assignment of preparing contingency plans for dealing with all types of disasters and, in the event of disaster, of assuming operational control of all U.S. personnel, equipment, vehicles and ships—including specially designated vessels stationed in the area as units of the White Fleet itself.

The sponsors of the White Fleet resolution do not have in mind the creation of any large, permanent fleet of vessels, but rather the rehabilitation of a relatively small fleet of multipurpose vessels from the Navy mothball fleet, to be regularly operated largely by private voluntary organizations in missions of public health and education. It is the idea of the principal sponsor of the resolution that these vessels could be placed on permanent call by the various area White Fleet commanders, to be detached from their training missions and utilized in disaster relief when disaster strikes.

Such vessels and small craft, hopefully characterized by a distinctive color and symbol, would serve as constant reminders in the large and small ocean ports and river towns of Asia, Africa, and Latin America, of the humanitarianism of the United States.

These vessels and small craft might very well be utilized to help provide the logistics support for units of the U.S. Peace Corps, for other missions of technical assistance, and for multilateral efforts in which the United States would be joined. They could move personnel and supplies, serve as floating bases for expeditions of mercy and training working inland from the coast, and as training centers in the ports themselves.

Wherever a ship or small craft or vehicle based from a White Fleet ship would go, its distinctive insignia would represent America's continuing purpose to bring healing and enlightenment to our fellow men.

And when disasters strike, as they always and regularly do, the units of the White Fleet could be pulled into action by the White Fleet commander, on schedule, on plan—integrated with the Armed Forces units sent to serve their disaster relief missions under the local commander.

The White Fleet idea is actively under consideration in Japan, in England, in Germany, Italy, and Belgium, among others, where there is great interest in activating White Fleet units to coordinate with the American White Fleet.

I urge approval of Senate Resolution 154, and I hope that passage of this resolution will encourage the President of the United States to take active steps within his existing authority, to initiate the White Fleet Command and to outfit the first units of the White Fleet itself.

Mr. HUMPHREY. Mr. President, I also ask unanimous consent that the names of the cosponsors of the measure be printed in the RECORD, at this point.

There being no objection, the names were ordered to be printed in the RECORD, as follows:

Mr. HUMPHREY, Mr. AIKEN, Mr. ANDERSON, Mr. CARROLL, Mr. CASE of New Jersey, Mr. CHURCH, Mr. CLARK, Mr. COOPER, Mr. ENGLE, Mr. GRUENING, Mr. HART, Mr. HARTKE, Mr. JACKSON, Mr. JAVITS, Mr. KEATING, Mr. KEFAUVER, Mr. MCCARTHY, Mr. MCGEE, Mr. MORSE, Mr. MOSS, Mr. MUSKIE, Mr. PASTORE, Mr. PROXMIRE, Mr. RANDOLPH, Mr. SYMINGTON, Mr. WILLIAMS of New Jersey, Mr. YARBOROUGH, Mr. YOUNG of Ohio, Mrs. NEU-

BERGER, Mr. LONG of Missouri, Mr. PELL, and Mr. CAPEHART.

The PRESIDING OFFICER. The resolution is open to amendment.

If there be no amendment to be proposed, the question is on agreeing to the resolution.

The resolution (S. Res. 154) was agreed to, as follows:

Resolved, That it is the sense of the Senate that—

(a) Whenever the President determines it to be in the national interest, in furtherance of the foreign policy of the United States, and consistent with the laws of the United States, he should take such action as may be required to provide for establishment of a White Fleet designed and equipped (1) to render prompt emergency aid and assistance to peoples of the coastal regions of other nations upon the occurrence of famine, epidemic disease, earthquake, flood, hurricane, or other disaster; and (2) to carry out technical assistance and training on a continuing basis in the developing nations of the world.

(b) Such fleet should be established through the restoration to active service and the equipment of suitable vessels of the United States now mothballed in storage, such vessels to be operated by appropriate nonprofit, private, philanthropic organizations of the United States devoted to providing emergency aid and assistance to relieve human suffering.

(c) The vessels of such fleet should be suitably identified to proclaim their peaceful and beneficent purposes.

(d) Fuel and operational supplies, port, repair, and navigational facilities of the United States throughout the world should be made available to such vessels in support of their activities.

(e) Surplus food commodities of the United States should be utilized for the relief of hunger, and for furnishing medical and other supplies required for the use of the White Fleet.

(f) The cooperation of private charitable organizations of the United States should be utilized for the furnishing of clothing and other relief supplies to meet the emergency needs of inhabitants of regions to which task groups of the fleet may be directed.

VISIT TO THE SENATE BY AMBASSADOR R. S. S. GUNewardENE AND MEMBERS OF THE PARLIAMENT OF CEYLON

Mr. FULBRIGHT. Mr. President, we are honored today by the presence of distinguished members of the fellow democratic country of Ceylon. We have present on the floor, in the rear of the Chamber, the distinguished Ambassador from Ceylon, Mr. R. S. S. Gunewardene, who has represented Ceylon in the United States for a number of years.

We also have present the Honorable Charles Percival de Silva, Minister of Agriculture, leader of the House, and a Member of Parliament for Minneriya.

Also with him are his colleagues, the Honorable Sir Razik Fareed, Member of Parliament for Colombo;

The Honorable Nanayakkarapathirige Martin Perera, Member of Parliament for Yatiyantota;

The Honorable Jinadasa Don Weerassekera, Member of Parliament for Kotagala;

Mr. Ralph St. Louis Peiris Deraniyagala, Clerk of the House.

We have just had the honor of having these gentlemen to luncheon with the Committee on Foreign Relations. We are extremely pleased that they have had the opportunity to visit our Congress. We all welcome them. We look forward to our continued fine relations with them in the future as we have had in the past. [Applause, Senators rising.]

HOUSING ACT OF 1961

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the consideration of Order No. 252, Senate bill 1922. I see the Senator from Alabama [Mr. SPARKMAN] is present.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 1922) to assist in the provision of housing for moderate and low-income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. HUMPHREY. Mr. President, the housing bill is now the pending business. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. HUMPHREY. There will be statements made in connection with that bill later. At this time I wish to proceed to another matter.

PEACE CORPS ACT

Mr. HUMPHREY. Mr. President, earlier today I introduced, on behalf of myself and the distinguished chairman of the Senate Committee on Foreign Relations [Mr. FULBRIGHT], the bill (S. 2000) to establish a Peace Corps of American volunteers to carry America's skills and talents and idealism abroad to help other peoples help themselves.

The word "peace" is a noble, stirring word—one that rightfully belongs to those who value human dignity and liberty. For too long we have permitted others to distort and to cheapen this word.

"Peace" is not a propaganda word. It is not merely an expression for the absence of war. Peace is an active, living concept—it carries with it the promise of broader opportunities for health, for knowledge, for self-expression among individuals and peoples.

The Peace Corps is designed to provide the framework through which America's idealism, her humanitarianism, and her generosity can find a personal expression in the task of helping to build with our own hands a better world for our mankind.

To work in a highly personal way for peace, to work for the eradication of disease, for the stamping out of illiteracy, for the elimination of hunger—this is the opportunity which volunteers for the Peace Corps have been so eagerly seeking. These men and women seek a more personal involvement in the task of

I recall that on April 18 my good friend and colleague, Senator CLARK, introduced the administration's bill, S. 1633, to authorize the establishment of a Department of Urban Affairs and Housing. For this reason it gives me special pleasure to know that the city of Portland has adopted a resolution strongly endorsing this measure.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

PORTLAND, OREG., May 25, 1961.

Hon. WAYNE MORSE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR MORSE: I am enclosing a certified copy of Resolution 28567, adopted by the Portland City Council on May 24, 1961, endorsing legislation proposed by the President of the United States to create a new Federal Department of Urban Affairs under a Secretary of Cabinet rank.

Yours very truly,

RAY SMITH,
Auditor of the City of Portland.

OFFICE OF AUDITOR OF THE
CITY OF PORTLAND,
Portland, Oreg.

I, Ray Smith, auditor of the city of Portland, do hereby certify that I have compared the following copy of Resolution 28567, adopted by the council May 24, 1961, being, "A resolution endorsing legislation proposed by the President of the United States to create a new Federal Department of Urban Affairs under a Secretary of Cabinet rank," with the original thereof, and that the same is a full, true and correct copy of such original Resolution 28567 and of the whole thereof as the same appears on file and of record in my office, and in my care and custody.

In witness whereof, I have hereunto set my hand and seal of the city of Portland affixed this 24th day of May 1961.

[SEAL]

RAY SMITH,
Auditor of the City of Portland.
By ROLIT L. MCCOY,
Deputy.

RESOLUTION 28567

Whereas the President of the United States has introduced legislation in the U.S. Senate and House of Representatives which would establish a Federal Department of Urban Affairs to be headed by a new member of the Cabinet, Secretary of Urban Affairs, whose duties among others would be to obtain coordination among other Federal activities affecting urban areas, encourage the solution of related problems through State, local, and private action, and provide for the consideration of urban problems at the national level; and

Whereas our metropolitan communities which are constantly expanding are, in many instances ringed by decay, often drab and inefficient areas, and such problems cannot always be cured by local efforts alone; and

Whereas it is of mutual interest and great importance to all cities of the United States to foster and support the legislation proposed by the President of the United States, which would create a Federal Department of Urban Affairs. Now, therefore, be it

Resolved by the Council of the City of Portland (in regular session assembled), Does, by this resolution, endorse the legislation proposed by the President of the United States which would create a new Cabinet department, Secretary of Urban Affairs; and be it further

Resolved, That the auditor of the city of Portland file certified copies of this resolution with the Honorable WAYNE MORSE and the Honorable MAURINE B. NEUBERGER, U.S.

Senators from Oregon, and to the Honorable WALTER NORBLAD, the Honorable AL ULLMAN, the Honorable EDITH GREEN, and the Honorable EDWIN R. DURNO, Representatives from the State of Oregon.

Adopted by the council May 24, 1961.

RAY SMITH,
Auditor of the City of Portland.

APPOINTMENT OF GENERAL HEUSINGER AS CHAIRMAN OF THE NATO MILITARY REPRESENTATIVES COMMITTEE

Mr. MORSE. Mr. President, on April 19, 1961, I wrote to the Secretary of State, Mr. Rusk, protesting the appointment of a former Nazi general by the name of Heusinger, as Chairman of the NATO Military Representatives Committee. I asked for a letter from the State Department setting forth its views on this important appointment.

Under date of May 25, 1961 I received a reply signed by Assistant Secretary of State Hays. I ask unanimous consent to have printed the State Department's reply. I also ask unanimous consent to have printed, my brief answer to Secretary Brooks Hays' letter in which brief I stated that the Department of State's rationalization is a very unconvincing explanation of this shocking appointment.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Washington, D.C., May 25, 1961.

Hon. WAYNE MORSE,
U.S. Senate.

DEAR SENATOR MORSE: I have your letter of April 17, 1961, addressed to the Secretary concerning General Heusinger, Chairman of the NATO Military Representatives Committee.

I can assure you that the Department sympathizes deeply with those who have themselves suffered or have lost members of their families at the hands of the Nazi regime. We consider, however, that the charges made against General Heusinger are unjustified.

I should like to explain how the appointment was made. The post of Chairman of the Military Representatives Committee was held for a number of years by a Netherlands general, Lieutenant General Hasselman. Late in 1960, the post of Chairman became vacant. After careful consideration the Military Committee in Chiefs of Staff session in December of 1960, selected General Heusinger to be the Chairman of the Military Representatives Committee (the latter is in permanent session and is subordinate to the Military Committee in Chiefs of Staff session which meets periodically. The Military Committee in turn is subordinate to the North Atlantic Council). The choice was unanimous by all 14 Governments represented on the Military Committee. (Iceland having no armed forces is not a member of the Military Committee). The Chiefs of Staff did not act in this matter on their own authority, but with the approval of their respective Governments, who in turn considered the matter carefully before providing their chiefs of staff with guidance. As you know, the Military Committee includes representatives of a number of Governments whose countries have suffered considerably at the hands of the Nazi regime. These include Greece, Italy, France, Belgium, the Netherlands, Norway, Luxembourg, Denmark, and the United Kingdom. You may rest assured that these Governments did not arrive at their conclusion lightly. On the

contrary, the Department considers that if there had been any question in the minds of any one or any number of these Governments that charges of war crimes against General Heusinger were in any way justified, they would not have consented to this appointment, particularly since all the Governments mentioned are democratic Governments responsible to public opinion.

The Department also considers that the appointment of a German officer to this post must be considered in the light of the present situation. As you know, it has been a fundamental tenet of U.S. foreign policy toward Germany in the postwar period to encourage the maximum integration into the Western community of nations. This policy was clearly set forth by the late Secretary Dulles when he said:

"We believe that the future is best served by encouraging the closest possible relations between Germany and other Western European countries which are peace loving and having such a close integration—military, political, economic—that independent, aggressive, nationalist action by Germany becomes as a practical matter impossible and also something that would not be desired."

Chancellor Adenauer and his Government are thoroughly dedicated to the integration of the Federal Republic, militarily, politically and economically, into the Atlantic Community and the European integration movement. We know that General Heusinger, personally, holds the same view. The Federal Republic today makes a very substantial contribution to NATO defense. She is virtually the only European country which is almost on schedule in meeting her NATO military commitments. Moreover, she no longer receives any grant military assistance from the United States, but meets her NATO procurement requirements approved by the alliance entirely through purchases in the United States and elsewhere.

The Department considers that Germany's contribution to the allied effort is entirely in the NATO framework and amply justifies her occupying a number of important positions in the allied structure. Nonetheless, only two German officers at this time occupy such positions. One of these is General Speidel, who, in his capacity as Commander, Allied Land Forces Central Europe, is, along with eight other non-German senior allied officers on the same level, subordinate to the French Commander-in-Chief, Allied Forces Central Europe. (The latter in turn is subordinate to General Norstad.) The other is General Heusinger.

The Department believes that General Heusinger's personal background is also significant in the evaluation of his appointment. General Heusinger entered the German Army in World War I as a private. He was commissioned a second lieutenant in the infantry in 1916, and shortly thereafter was taken prisoner of war by the British. He remained in the German Army after the war, was eventually assigned to staff duty, and finally rose to the position of Chief of the Plans and Operations Division of the Army's General Staff (OKH). The Army's General Staff in turn was subordinate to the General Staff of the German Armed Forces (OKW), which in turn was, of course, directed by Hitler. Despite the pressures to which all German officers were subject, General Heusinger never joined the Nazi Party, and in the end actively opposed it.

General Heusinger was a staff officer throughout World War II, and as such did not command troops.

Specifically, he did not, as charged by representatives of one group to whom we have spoken, command the so-called "Einsatzgruppen" which were responsible for the mass murders and other atrocities committed by the Nazi regime. These "Einsatzgruppen" were not a part of the army, but were under control of the SS and its chief, Hein-

rich Himmler. Nor did either General Heusinger or the army conduct the operation against the Warsaw ghetto. This operation was conducted under the command of an SS officer directly responsible to Himmler.

Thorough investigations by both Allied authorities after the end of World War II as well as by scholarly nongovernmental investigators into the events of World War II do not bear out any of the charges now, in 1961, being made against General Heusinger. In fact, after investigations conducted immediately after World War II had cleared Heusinger, he served as consultant to the U.S. prosecution at the Nuremberg trials. Nonetheless, the Department has carefully reviewed the material sent us by various groups expressing objection to the appointment. On the basis of this review we have concluded that this material consists entirely of either allegations which are not supported by facts, or interpretations of facts, often taken entirely out of their real context, which are not warranted.

The record shows that General Heusinger was aware of the plot being conducted by a number of German officers against Hitler over a number of years which culminated in the events of July 1944. While he was not personally involved in the details of that particular attempt and the actual placing of the bomb, he, as other German officers, was aware of the general outlines of the plot and sympathized with it. This fact became known to the Gestapo. After the attempt failed, General Heusinger was arrested, and interrogated at length in a Gestapo prison. However, the Gestapo was unable to obtain sufficient proof to implicate him in this plot and consequently he was simply dismissed from the active service at that time and spent the remaining 10 months of World War II in that status.

In considering such matters as this appointment, which relate directly to NATO, the Department is also cognizant of the primary objective of Soviet policy to disrupt and weaken the North Atlantic Alliance, the principal obstacle in the way of Soviet Communist ambitions. The Soviet Government's consistent attempts to create distrust and suspicion among members of the alliance and specific endeavors to isolate the Federal Republic from its allies have recently been manifested in an organized propaganda campaign against the Heusinger appointment.

I hope this information will help clarify the position of the Department in this matter.

Sincerely yours,

BROOKS HAYS,
Assistant Secretary.

JUNE 1, 1961.

Hon. BROOKS HAYS,
Assistant Secretary of State for Congressional Relations, Department of State,
Washington, D.C.

DEAR MR. SECRETARY: Thank you very much for your letter of May 25, in regard to the appointment of General Heusinger.

Frankly, I find it very unconvincing. The United States should have been no party to such a shocking appointment.

Sincerely yours,

WAYNE MORSE.

UNANIMOUS-CONSENT AGREEMENT FOR VOTE ON S. 1922, THE HOUSING ACT OF 1961

Mr. MANSFIELD. Mr. President, I submit a unanimous-consent request and ask for its immediate consideration. The request has been cleared with the distinguished minority leader, the Senator from Illinois [Mr. DIRKSEN], with the distinguished senior Senator from In-

diana [Mr. CAPEHART], who is the ranking Republican member of the Committee on Banking and Currency; and with the distinguished junior Senator from Alabama [Mr. SPARKMAN], as well as with other Senators who are interested in this particular matter.

The PRESIDING OFFICER. The clerk will read the proposed unanimous-consent agreement.

The legislative clerk read as follows:

Ordered, That, effective on Friday, June 2, 1961, at the conclusion of routine morning business, during the further consideration of the bill (S. 1922), debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 1 hour, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: *Provided*, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided, further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 2 hours, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided further*, That the said leaders, or either of them, may, from the time under their control on the passage of said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

Ordered further, That in case a yeas-and-nays vote is ordered on any amendment, action on that amendment will go over until Wednesday, June 7, until after the morning business, at which time debate on each amendment will be limited to 30 minutes, to be equally divided and controlled under the same conditions as in the first instance, and the amendments will come up in the same order as originally presented for consideration.

The PRESIDING OFFICER. Is there objection?

Mr. CAPEHART. Mr. President, reserving the right to object, do I correctly understand that the 15 minutes to be allotted on Wednesday will be on each side?

Mr. MANSFIELD. That is correct.

Mr. CAPEHART. Thirty minutes on an amendment, the time to be equally divided.

The PRESIDING OFFICER. Thirty minutes on each amendment.

Mr. MANSFIELD. Mr. President, I did not understand what the clerk read about the treatment to be accorded the so-called Javits amendment.

The PRESIDING OFFICER. That part of the proposed agreement will be read.

The legislative clerk read as follows:

Except the Javits amendment, numbered 5-23-61-B, on which there shall be 3 hours.

The PRESIDING OFFICER. Is there objection to the agreement proposed by the Senator from Montana? The Chair hears none. Without objection, it is so ordered.

The unanimous-consent agreement as reduced to writing is as follows:

Ordered, That, effective on Friday, June 2, 1961, at the conclusion of routine morning business, during the further consideration of the bill (S. 1922) to assist in the provision of housing for moderate and low

income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, debate on any amendment (except the Javits amendment, numbered 5-23-61-B, on which there shall be 3 hours), motion, or appeal, except a motion to lay on the table, shall be limited to 1 hour, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: *Provided*, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 2 hours, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided*, That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

Ordered further, That in case a yeas-and-nays vote is ordered on any amendment, action on that amendment will go over until Wednesday, June 7, until after the morning business, at which time debate on each amendment will be limited to 30 minutes, to be equally divided and controlled under the same conditions as in the first instance, and the amendments will come up in the same order as originally presented for consideration.

ORDER FOR ADJOURNMENT UNTIL 10 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate concludes its business today, it adjourn until 10 a.m., tomorrow.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees and subcommittees which desire to do so be allowed to meet during the session of the Senate tomorrow until 12 o'clock noon.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DIRKSEN. Mr. President, let me make an inquiry. Today is the day of the well-advertised \$100 Republican dinner. It is a sellout; there is to be a full house. Some will have to appear in dinner coats, tonight. So I trust that at a reasonable hour today the Senate will adjourn, so they can be properly attired for this notable event, when we celebrate a great victory, among other things, and also extend greetings in fellowship to our former great chief, President Eisenhower.

Mr. MANSFIELD. Let me say there will be no rollcall votes today. As a matter of fact, there will be none until Wednesday, next. It is our hope that the distinguished senior Senator from Indiana [Mr. CAPEHART] will have an opportunity to make his general remarks before he leaves for this repast, which

bigger government in their comments on their program. They talk instead of the great needs of national defense—including the defense of the free world. They talk, too, of the need for billions of dollars to conquer space and send men to the moon and beyond. They talk of billions more to be loaned or given to less fortunate peoples—the latest figure for this is \$7.3 billion. And they talk of great needs for domestic improvements—\$2.5 billion for public education to be distributed to the States for school construction, increases in teachers' salaries and, indeed, for any use the local school authorities may find necessary.

PURSESTRINGS NOT UNTIED

The real impact of such a program has not made itself felt, because the program has not yet gone into effect. Congress still has to untie the purse strings—about the only thing Congress seems to have left to do, as Government by Executive order continues to advance. The New Deal administration of Franklin D. Roosevelt, which was quite a spender in its day, is a piker compared to the Kennedy "New Frontiers" administration. But the Kennedy administration will answer such criticism by saying that the problems are much vaster today. In a way they are, although the late President Roosevelt was faced with the problem of getting the United States back on its feet after a disastrous depression growing in the main out of the aftermath of World War I. Today the United States is not facing a deep depression—indeed, its economy has been on the upward path. The big problem for the Kennedy administration is to maintain the security of the American people and to halt the advance of international communism which is seeking control of the entire world.

Unfortunately, in the first 4 months of his term as President, Mr. Kennedy has seen an advance of international communism in the Western Hemisphere, specifically in Cuba, and in southeast Asia, specifically in Laos. And unfortunately, he has been able to do nothing about these advances. If they are not checked, the spread of the Communist influence and domination may affect other Latin American countries, and it may gobble up all of southeast Asia. It is advancing, too, toward its goals in the many newly independent countries in Africa. The U.S. Government has uttered loud protests and even threats, but it has not been effective in checking these advances.

President Kennedy is in Europe this week meeting with President Charles de Gaulle and then Russian Premier Nikita Khrushchev. He has problems to discuss with both.

One heads a friendly country; the other a government which is committed to the communization of the world, including the United States. What will come of the President's foray into personal diplomacy this country will await with the keenest hopes of success. This country needs some success in international affairs.

It undoubtedly will support President Kennedy, who is in Europe after pledging there will be no retreat from a firm intention to resist Communist aggression toward this country and toward the free world. He has further promised he will make it entirely clear to Premier Khrushchev that the Communists can touch off a third world war if they make the mistake of believing the United States will not fight. To date the Russians have continued to tie up the nuclear tests and weapons conference and the Laos conference in Geneva. This hard attitude in Geneva, on the eve of Kennedy-Khrushchev talks in Vienna is a typical Communist tactic. It looks very much as though this recalcitrance is a forerunner of a Khrushchev attempt to wring a deal out of Mr. Kennedy.

G.O.P. PREPARES ISSUES

Meanwhile, Republican leaders are building up issues which may be used against the Kennedy administration and Democratic candidates for Congress next year. They are making much of the big spending programs of the New Frontiersmen, which they say will wreck the economy of the American people. They are denouncing the handling of the Cuban situation, particularly the present plan to exchange tractors for patriot rebels held by Castro, which they call "black-mail." They are beginning to ask what would have happened in Cuba, in Laos, and to the United States, had former Vice President Nixon been President instead of Mr. Kennedy—and even what the situation would be if former President Eisenhower had had another year to serve in the White House.

Senator HARRY F. BYRD of Virginia continues to warn what may happen to a country which, already having a national debt totaling \$289,879,699,421 (on May 23) continues to add more billions to its budget—money which it does not have to spend. There are only two ways of meeting this financial problem—higher taxes and more taxes or more borrowing still further increasing the stupendous national debt.

HOUSING ACT OF 1961

The Senate resumed the consideration of the bill (S. 1922) to assist in the provision of housing for moderate- and low-income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

Mr. CAPEHART. Mr. President, I shall not take the time to talk at length now on the housing bill that is before us because I shall have several amendments to offer and shall discuss some of the most objectionable features of the bill at that time.

My purpose in making this statement is to remind Senators that we have attained the existing level of sufficient Government housing assistance on a reasonably sound basis because Senators considered the program at all times in a reasonably sound manner.

Also, at this time I add a humble caution to Senators to give careful attention to some of the provisions of this bill which I can assure Senators will be debated before the roll is called for passage.

As I wrote in the committee report, my record on housing is quite clear. I have worked with Senators on both sides of the aisle toward giving this country a good housing program in the areas where it is needed and to those who need it.

Regardless of the position I am forced to take on the bill when the vote comes for passage, I pledge my continued efforts in the future to keep Government housing within the bounds of outright assistance. At the same time, however, I pledge my opposition to housing programs that border on the fanatical.

Mr. President, the Federal Government, in concert with local governments, entered the housing assistance field many years ago by reason of a necessity which we hope and pray will never occur again.

We have been permitted by the people to remain in the housing field solely because what we have been doing has been done in sound conscience. The people will not permit any government to go beyond those limits, whether it be in housing or any other phase of their private lives.

I contend that there are provisions in the bill which go beyond conscience and border on the fanatical. I shall oppose them with all the vigor at my command.

I ask unanimous consent to have printed in the RECORD, following these remarks, 11 amendments which I propose to offer during the consideration of the housing bill. I ask that they lie on the table.

The PRESIDING OFFICER. The amendments will be received, printed, and will lie on the table; and without objection, the amendments will be printed in the RECORD.

The amendments are as follows:

(AMENDMENTS BY MR. CAPEHART (FOR HIMSELF AND MR. BENNETT)

A

On page 42, between lines 19 and 20, insert the following:

"LOCAL RESPONSIBILITIES"

"SEC. 301. Section 101(c) of the Housing Act of 1949 is amended by—

"(1) striking out 'unless (1)' and inserting in lieu thereof the following: 'unless (1) the locality with respect to which an application for assistance under this title is made has had in effect for at least one year prior to the filing of such application a minimum standards housing code deemed adequate by the Administrator and which he determines has been satisfactorily enforced from the time of its adoption or for at least one year prior to the filing of such application, whichever is the lesser, (2)'; and

"(2) striking out 'and (2)' and inserting in lieu thereof 'and (3)'."

On page 42, line 21, strike out "301" and insert "302".

On page 44, line 5, strike out "302" and insert "303".

On page 45, line 4, strike out "303" and insert "304".

On page 45, line 23, strike out "304" and insert "305".

On page 47, line 12, strike out "305" and insert "306".

On page 48, line 10, strike out "306" and insert "307".

On page 48, line 15, strike out "307" and insert "308".

On page 49, line 16, strike out "308" and insert "309".

On page 50, line 9, strike out "309" and insert "310".

On page 50, line 20, strike out "310" and insert "311".

On page 54, line 5, strike out "311" and insert "312".

On page 56, line 8, strike out "312" and insert "313".

On page 58, line 2, strike out "313" and insert "314".

On page 58, line 21, strike out "314" and insert "315".

On page 58, line 22, strike out "clause (1)" and insert in lieu thereof "clause (2) (as redesignated by section 301)".

B

On page 8, line 13, strike out "interest" and insert in lieu thereof "an interest rate".

On page 8, line 15, after the parenthesis insert the following: "uniformly established by the Commissioner for all classes of borrowers."

On page 8, strike out line 21 and insert in lieu thereof the following: "of 1 per centum, and adding one-half of 1 per centum per annum".

C

On page 45, line 8, strike out "\$4,500,-000,000" and insert in lieu thereof "\$3,800,-000,000".

D

On page 15, line 8, strike out "\$10,000" and insert in lieu thereof "\$7,000".

On page 15, line 24, strike out "twenty-five" and insert in lieu thereof "fifteen".

E

On page 2, line 6, strike out the quotation marks and the semicolon and insert in lieu thereof the following:

"For the purposes of this section, a family shall be deemed to be a 'low or moderate income family' if the normal stable monthly income of such family does not exceed (1) an amount equal to five times the monthly payments to be made by such family for the rental of a dwelling unit in a property or project assisted under this section, or (2) an amount equal to five times the monthly amortization payments (including principal, interest, and insurance) to be assumed by such family under a mortgage insured under this section".

F

On page 64, beginning with line 22 strike out all through line 13 on page 65.

Renumber succeeding sections in title V accordingly.

G

On page 10, lines 14 and 15, strike out "any accrued interest and".

On page 19, line 10, strike out "any accrued interest,".

On page 29, line 7, strike out "any accrued interest and".

On page 74, lines 13 and 14, strike out "any accrued interest and".

H

On page 8, strike out lines 4 through 9, and insert in lieu thereof the following:

"(10) striking out in subsection (d) (5) the words 'forty years from the date of insurance of the mortgage or three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser' and inserting in lieu thereof the following: 'thirty years from the date of insurance of the mortgage or three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser: *Provided*, That any such mortgage may provide, under such regulations as the Commissioner may prescribe, that (1) during the first through the fifth year of the amortization period the level total payments of principal and interest shall not exceed an amount equal to the level total payments of principal and interest on a mortgage in the same principal amount having an amortization period of not to exceed forty years, (2) during the sixth through the tenth year of the amortization period the level total payments of principal and interest shall not exceed an amount equal to the level total payments of principal and interest on a mortgage in the same principal amount having an amortization period of not to exceed thirty years, and (3) during the balance of the amortization period the level total payments of principal and interest shall not exceed an amount equal to the level total payments of principal and interest on a mortgage in the same principal amount having an amortization period of not to exceed twenty years';"

I

On page 3, lines 20 and 21, strike out "a public body or agency,".

On page 8, strike out lines 10 through 21.

On page 8, line 22, strike out "(12)" and insert in lieu thereof "(11)".

On page 9, beginning with line 6, strike out all through the period in line 20.

On page 10, line 4, strike out "(13)" and insert in lieu thereof "(12)".

On page 10, beginning with the colon in line 20, strike out all through line 6, on page 11, and insert in lieu thereof a period.

On page 12, line 3, strike out "(14)" and insert in lieu thereof "(13)".

On page 12, line 6, strike out "; and" and insert in lieu thereof a period.

On page 12, strike out lines 7 through 9.

On page 12, beginning with line 24, strike out all through line 10, on page 13.

J

On page 3, beginning with line 18, strike out all through line 16, on page 6.

On page 6, line 17, strike out "(8)" and insert in lieu thereof "(6)".

On page 7, line 15, strike out "(9)" and insert in lieu thereof "(7)".

On page 8, line 4, strike out "(10)" and insert in lieu thereof "(8)".

On page 8, strike out lines 10 through 21.

On page 8, line 22, strike out "(12)" and insert in lieu thereof "(9)".

On page 9, beginning with line 6, strike out all through the period in line 20.

On page 9, lines 21 and 22, strike out "subsection (d) (2) or (d) (4) of".

On page 10, line 4, strike out "(13)" and insert in lieu thereof "(10)".

On page 10, beginning with the colon in line 20, strike out all through line 6, on page 11, and insert in lieu thereof a period.

On page 12, line 3, strike out "(14)" and insert in lieu thereof "(11)".

On page 12, line 6, strike out "; and" and insert in lieu thereof a period.

On page 12, strike out lines 7 through 9.

On page 12, beginning with line 24, strike out all through line 10 on page 13.

On page 72, beginning with line 20, strike out all through line 3 on page 73, and insert in lieu thereof the following:

(e) Section 212 of such Act is amended by striking out in the second sentence of subsection (a) "any mortgage under section 220" and inserting in lieu thereof "any loan or mortgage under section 220 or section 233".

K

On page 39, strike out lines 4 through 7, and insert in lieu thereof the following:

"(1) inserting after 'Provided, That' in section 10 (1) the following: 'the Authority may enter into new contracts for loans and annual contributions after the date of enactment of the Housing Act of 1961 for not more than thirty-seven thousand additional units: *Provided further*, That'; and"

FEDERAL AID FOR URBAN MASS TRANSPORTATION

Mr. KUCHEL. Mr. President, I rise to report briefly on an increasingly critical problem with which the State of California, as well as many other States, is faced. It threatens to become progressively worse in future years. It threatens, furthermore, serious damage to our economy unless a solution is found. I refer to the growing problem of motor vehicle traffic congestion in our several metropolitan areas. This congestion is becoming worse each day and some day may develop into almost complete traffic strangulation.

To illustrate the long-term and spectacular growth trends in the two largest urban centers of California, I can cite

actual and estimated motor vehicle and population figures in the Greater Los Angeles and San Francisco Bay areas.

In the four southern California counties comprising the Greater Los Angeles metropolitan area, population has risen from 235,820 in 1900 to 7,552,500 in 1960. A prediction of more than 17,500,000 is given for the year 2000.

In the nine-county San Francisco Bay area, the population has increased from 658,100 in 1900 to 3,639,000 in 1960. It is estimated that the number of residents will increase to over 9 million by the year 2000.

In the case of motor vehicle registration, the contrasts are still more bewildering—even though a shorter period of time is considered in the tabulation. In 1920, the Greater Los Angeles area had 224,588 motor vehicles. The total had grown to 3,805,800 by 1960. On the basis of present trends, it is predicted that the total will increase to 9,663,500 by the year 2000.

In the San Francisco area, a parallel growth is found. In 1920, there were only 146,401 registered motor vehicles, compared with 1,836,300 in 1960. A registration of 5,029,800 is anticipated for the year 2000.

These figures alone point to the dramatic growth of population in California's two great metropolitan areas and the accompanying and crushing effect of the diversion from mass transportation to an almost all-automobile society. The future trends are truly frightening in regard to the apparent number of vehicles for which ground space will have to be found if our present mode of transportation by automobile continues.

I ask unanimous consent that the population and vehicular tabulations be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. KUCHEL. Curiously, there was a time when public transportation was provided almost entirely by rail transit on public streets and on private rights-of-way. In the Greater Los Angeles area, there was the Pacific Electric Railway with lines extending out from the city of Los Angeles to some 50 points in 4 different counties. It was the pride of southern California, being one of the finest interurban rapid transit systems to be found anywhere. Today, this great system of public transportation has been stamped out of existence by the convenience and popularity of the private automobile.

In the San Francisco Bay area, a similar pattern has been followed in the demise of interurban rail transportation. To the north of San Francisco in Marin County, the Northwestern Pacific Railroad commuter service has disappeared. On the east shore of San Francisco Bay, the Southern Pacific commuter service the Key System commuter service and the Sacramento Northern Railroad commuter service have vanished. Behind this evolution was the advent of the San Francisco-Oakland Bay Bridge and

ple able and willing to work have jobs and purchasing power.

Mr. RANDOLPH. Mr. President, I also call to the attention of the Senate an Associated Press story, which tells of the visit of the Honorable Orville Freeman, Secretary of Agriculture, Gov. W. W. Barron, of West Virginia, and Representative Elizabeth Kee, to an area of West Virginia where unemployment exceeds 25 percent of the labor force and where there is an acute need. My colleague, Senator BYRD of West Virginia, and I had prior commitments which prevented our being with the official party. I ask unanimous consent that the article telling of that visit, and of the experience of Mr. and Mrs. Alderson Muncy and others who qualified to receive the stamps with which to purchase food at cooperating groceries be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FOOD-STAMP PLAN GETS UNDERWAY IN WEST VIRGINIA—COAL MINING WELCH AREA BECOMES FIRST TESTING GROUND FOR NEW U.S. PROGRAM

WELCH, W. VA., May 29.—This depressed coal mining area today became the first testing ground for a Kennedy administration plan to take the Nation's needy off food handouts and send them to grocery stores for better diets.

Within a short time after ceremonies opening the program, several hundred families—many of whose breadwinners have been jobless for years—obtained Government food stamps.

They took them to cooperating grocers and bought a wider variety of food—and more of it—than the Government had been donating through relief agencies.

FIRST ARE PARENTS OF 13

The first to get stamps were Mr. and Mrs. Alderson Muncy, of Paynesville, parents of 13 children. A coal mine worker, Muncy has been unemployed for a year except for a few odd jobs here and there.

The Secretary of Agriculture, Orville L. Freeman, flew in from Washington to get the program started and to pass out the first stamps. Also taking part were Gov. W. W. Barron and Representative ELIZABETH KEE, Democrat, of West Virginia, Congresswoman from this district.

If the stamp plan proves successful here in West Virginia's McDowell County, and in seven other areas of the country in which it will be tested for a year, it may be extended nationally.

This would give the needy—now totaling about 6 million—diets more nearly equal those of more fortunate neighbors.

FREE STAMPS

Under the plan, the needy are permitted to buy Government-issued food stamps in an amount comparable to their recent average food expenditures. They are then given free enough additional stamps to assure them a nutritional diet.

Those without any income get enough free stamps to provide the desired diet.

The direct distribution of food to the needy has been discontinued in McDowell for the duration of the food-stamp pilot project.

Foods which have been donated here and elsewhere under the direct program are flour, corn meal, lard, dried milk, rice, butter, peanut butter, rolled oats, dried whole eggs, dried beans, and canned pork and gravy.

Under the new plan, stamps may be used to buy any domestically produced food. Ex-

cluded are imported foods such as coffee, tea, cocoa, and bananas. Stamps may not be used for alcoholic beverages or tobacco.

OTHER AREAS DUE PLAN

Other areas to which the plan will be extended between now and July 3 include Franklin County, Ill.; Floyd County, Ky.; Detroit; the Virginia-Hibbing-Nashwauk communities in northern Minnesota; Silver Bow County, Mont.; San Miguel County, N. Mex., and Fayette County, Pa.

Freeman urged those directing the experimental program here—as well as those getting its benefits—to work hard to make it operate efficiently and effectively so that it might be extended nationally.

"The fundamental concern of this administration," Freeman said, "is to use the productivity of the American farmer both at home and abroad, and the pilot food-stamp projects are designed to seek out better methods of insuring that every person in need has the opportunity for an adequate diet."

The Muncy family will get \$95 worth of free stamps a month. Muncy is 47, his wife 45. Their 13 children range in age from 17 months to 19 years. Six of them are in school.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. RANDOLPH. I yield.

Mr. HUMPHREY. I commend the Senator on his statement. More importantly, I commend him on his effort a little over a year ago in the Senate when we worked together on this plan. It was my privilege to work alongside the Senator from West Virginia for the food stamp plan. We succeeded in obtaining authorization for the plan. I believe the Senator will recall that we had quite a fight in the Senate over it. First, it was defeated, and then we brought it back for a second try, and it was adopted. In the House, I believe Representative SULLIVAN, of Missouri, was the author of the bill.

Mr. RANDOLPH. The Senator is correct.

Mr. HUMPHREY. The Senator from Missouri [Mr. SYMINGTON], the Senator from West Virginia [Mr. RANDOLPH], myself and others were cosponsors of the bill in this body.

The Senator from Alabama [Mr. SPARKMAN] was one of the supporters of the program. We then went to conference, and in the conference we were able to come out with a general authorization to the Department of Agriculture to establish a food stamp program. The Department was authorized to use our surplus foods, to use foods that were in abundance throughout America to feed the needy, and to use food stamps so that people would not have to walk up to a welfare depot, but rather could go into their local grocery stores and their local supermarkets and purchase, with their stamps as they could with a \$5 bill, a \$1 bill, or whatever currency they had available, foods that were on the list of available foods.

We waited for over a year. There was privation in America. I was in the State of West Virginia with the President of the United States during the campaign in 1960. Both of us pledged in that election campaign that when a Democrat went into the White House, these human needs would be met. Of course, I

had a different idea than the present occupant of White House had as to who would be in the White House at that time. But be that as it may, we both made this pledge not only for ourselves but for our party. Is it not interesting that the first order of President Kennedy—Executive Order No. 1—was an order to increase the distribution of surplus foods for the needy?

Mr. RANDOLPH. The Senator is correct.

Mr. HUMPHREY. The next order was that the Secretary of Agriculture would immediately move into action on a food stamp plan. I hope Senators will permit this expression of some justifiable happiness and pride when I say that it was a privilege to be one of the sponsors of the food stamp plan, to vote for it, to work for it, and to be on the conference committee that enacted the proposal into law. It was a great privilege to have the Secretary of Agriculture, who is from the State of Minnesota—my lifelong personal friend, who has a big heart and a sense of compassion for his fellow men—at Welch, W. Va., on Monday of this week, present food stamp book No. 1. It was presented in the State where the President of the United States in his campaign pledged that if he were elected President, he would take this action and he would not forget the needy people or, indeed, all the people of West Virginia and of this Nation.

I am happy that the Senator from West Virginia has commented on this question because these stories go by in this day with almost little or no notice. We have Geneva, Paris, Berlin, Vienna, Laos and Cuba to think about, and we sometimes tend to forget some of our own people. But it is an interesting, and I believe a worthy development that the Secretary of Agriculture, a Cabinet officer, at the direction of the President, should go to the State of West Virginia, an area that is very dear to the heart of the Senators from West Virginia, to present food stamp book No. 1 to a needy family. The comment of that family was very interesting. I only paraphrase it: "We now can have a greater variety of food and do not have to be on relief."

I think that is wonderful. As one of the Senator's colleagues, I wish to salute the Senator from West Virginia for his constant vigilance for his constituents and for the welfare of the country. It has been a pleasure to be associated with him in this endeavor.

Mr. RANDOLPH. I am grateful for the remarks of my colleague. Again, I appreciate the yielding, for this purpose, by the Senator from Alabama [Mr. SPARKMAN].

Mr. SPARKMAN. I am delighted that the Senator from West Virginia brought this subject to the attention of the Senate at this time. We all read the newspaper account with a great deal of interest. I, too, thought it was most fitting that the first book should be issued in the State of West Virginia—the State whose plight had been played up during the campaign, the State that has been hurt by the disappearance of some of the industry, particularly coal mining.

I know something about the problems confronting coal miners because in my State we have had similar problems in certain areas in that respect.

I have often thought with reference to the situation now that many of the programs submitted to us by the present administration are programs with a heart in them. I think that is true with reference to the food stamp program. I think it is true with reference to the bill proposing Federal aid to education, which passed the Senate last week. I am about to start discussion of a housing bill, which I think is again a program with a heart. I think the statement is true of many programs that we are handling these days, and I rejoice in it.

Mr. RANDOLPH. I thank the Senator very much.

HOUSING ACT OF 1961

The Senate resumed the consideration of the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

Mr. SPARKMAN. Mr. President, before we commence the debate on the pending housing bill I should like to take this opportunity to express my appreciation to the members of the full committee as well as the subcommittee, and to the staff of the full committee as well as the staff of the subcommittee, for their cooperation and diligence in preparing and reporting this bill to the Senate.

I may say that this is a big bill. Our housing bill each year is a big bill. It is by the very nature of the matter with which we are dealing a complex bill. It is one that many people find hard to understand, that is, so far as many of its features are concerned. However, I am going to try in the few remarks that I will make to outline just what the bill seeks to do. The staff of the subcommittee and of the full committee have done a tremendous job in preparing the report on the bill.

On March 9, 1961, the President sent his housing message to the Congress. This message was aimed at three basic national housing objectives. They are:

First. The renewal of our cities and the assurance of sound growth in rapidly expanding metropolitan areas;

Second. The provision of a decent home for all of our people;

Third. The encouragement of a prosperous and efficient construction industry as an essential component of general economic prosperity and growth.

While these are not necessarily new objectives, it is indeed refreshing to me and, I am sure, to others in the Senate who have led the fight for a better housed America, to know that we have an ally in the President. I believe the program proposed by the President is one for action not only in the field of housing, but also in the equally challenging field of community development.

The President's message shows that he is aware of the housing problems of

this Nation and that he is willing to redeem the pledge laid down in the Housing Act of 1949 of "a decent home and suitable living environment for every American family."

On March 29, 1961, I introduced a bill, S. 1478, which was intended to implement the housing program set out in the Chief Executive's housing message.

Following my introduction of S. 1478, the Subcommittee on Housing held hearings on April 4 to 7, April 10 to 14, and April 20, 1961, to consider not only my bill, but also some 12 other housing bills and numerous other proposals then pending before the subcommittee. During these hearings, the subcommittee received oral testimony, printed statements, and other types of comments from approximately 140 people from all walks of life who are interested in housing.

Hearings also were held by the subcommittee on March 20, 21, and 22, 1961, to consider Senate bill S. 345, a bill to provide for an urban mass transportation program. Likewise, many witnesses appeared before the subcommittee to offer their proposals and to make recommendations and suggestions to establish a new Federal mass transportation program.

Printed records of these hearings are on each Senator's desk. The Senators will also find a small green book on their desks labeled "A Review of Federal Housing Programs" which contains a brief description of all the programs affected by the bill before us. I believe this can be extremely useful in giving a better understanding of the many housing programs we, in the Congress, must deal with in considering housing legislation.

Following these hearings, on April 26 and 27, the subcommittee, in executive session, considered the bills, the recommendations, and other proposals in connection with 1961 housing legislation and prepared its recommendations to the full committee. Subsequently, after sitting for 3 days in executive session the full committee reported a clean bill, S. 1922. The committee bill is the measure pending before us today.

In general, the committee bill is designed to accomplish these aims:

First. To bring about a realistic housing program for moderate-income families;

Second. To encourage the rehabilitation and improvement of existing properties by establishing a long-term, low-interest rate improvement and rehabilitation program within the medium of FHA loan insurance;

Third. To encourage research and development and the use of advanced technology in the construction industry by permitting the FHA Commissioner to insure mortgages on residential buildings which are constructed on an experimental basis with improved methods and materials;

Fourth. To initiate a new program of Federal aid to communities for the acquisition of undeveloped land for preservation and continued use as open space;

Fifth. To assist in the improvement of mass transit systems; and

Sixth. To provide continuity for various existing housing programs and to make necessary technical amendments to insure that existing housing programs better serve the housing needs of the people.

I should like to emphasize that in preparing the committee bill the subcommittee and the full committee took into consideration not only the pending measures, the testimony of witnesses appearing at the hearings, the President's housing message and other proposals, but also the members of these committees considered the state of the national economy and the relationship of a healthy homebuilding industry to this economy.

There is concern about the state of the national economy and the continued lack of sustained vitality shown by the homebuilding industry. After having moved ahead for 3 consecutive months, private nonfarm housing starts failed to show the sharp spring upsurge that normally is associated with the month of April. As a result the seasonally adjusted annual rate slid back from a level close to 1.3 million to 1 only a shade better than 1.2 million. The committee viewed such a performance at this time as far from satisfactory, particularly in view of the needs of the national economy as well as the unmet housing needs of our Nation.

The committee believed that steps should be taken to stimulate the homebuilding industry if this Nation is, in fact, to meet housing needs of the people which will, according to all statistics thus far compiled, become more acute during the latter half of the decade.

Members of the committee are aware of some of the steps already taken by the President to alleviate the current sluggishness in the homebuilding industry and the national economy. For example, the reduced interest rate on FHA-insured mortgages, the higher price offered for mortgages by the Federal National Mortgage Association, the encouragement given by the present administration to local communities to speed up urban renewal and public housing projects, and the broadening of the public facility loan program to cover additional necessary local facilities, are showing some results in the national economy.

In addition, actions by the Federal Reserve Board and the Treasury Department in reducing interest rates on long-term securities, and by the Federal Home Loan Bank Board in reducing interest rates on savings and loan mortgages, are showing some effect in increasing the flow of mortgage credit which should be of further help in improving the national economy and as a spur to the homebuilding industry.

Although the committee bill is not in full accord with all of the proposals of the measure originally introduced to implement the President's program, it does retain most of the principal features of that bill.

I should like further to emphasize that in preparing the committee bill, Members of the Banking and Currency Committee have been mindful of the National

Housing Policy set forth in the Housing Act of 1949, more particularly that part of the policy which states:

Private enterprise shall be encouraged to serve as large a part of the total housing need as it can.

The majority of the new programs established by the committee bill would be under the administrative jurisdiction of the Federal Housing Administration. It is this agency which has, from its establishment in 1934, promoted the construction of housing through the private enterprise system.

Senators will note that the committee report—that is, Senate Report Number 281—contains individual and supplemental views from five committee members. Very candidly, I too, have not been in complete agreement with every provision contained in the committee bill. However, this bill represents the study and consideration of the majority of the members of the Banking and Currency Committee, and certainly it is a sound measure insofar as it will contribute to the continuing housing needs of the people. I believe it is a good bill.

I believe anyone reading the breakdown of the bill as I give it in my statement will come to the same conclusion. Of course I realize that there may be some divergence of opinion with reference to some of the provisions. But by and large it is a good bill, a bill that will promote decent, sanitary, and safe housing for American families.

In order that the RECORD may show the provisions of the bill in detail, I ask unanimous consent to include a section-by-section analysis of the bill at this point in my remarks.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

SECTION-BY-SECTION SUMMARY OF HOUSING ACT OF 1961, S. 1922

TITLE I—NEW HOUSING PROGRAMS

Housing for moderate-income families

Section 101: Amends section 221 of the National Housing Act to liberalize program for displaced families, and to make program available for moderate-income families.

Broadens the existing program by—

1. Permitting the section 221 program to serve "moderate-income families" in addition to "displaced families";

2. Eliminating requirement that number of FHA section 221 commitments for a given community must be predetermined and certified by the Administrator of HHFA;

3. Removing requirement that community must have "workable program" as a prerequisite for FHA section 221 mortgage insurance, except in case of limited or non-profit or cooperative moderate-income rental housing financed under section 221(d)(3) program;

4. Removing requirement that community must formally request that the section 221 program be made available.

Market rate program; sales housing (one-to four-family dwellings): The terms and conditions for a mortgage to be eligible under the broadened sales program would be as follows:

1. The amount of the mortgage could not exceed:

	High cost area up to —	
1-family.....	\$9,000	\$15,000
2-family.....	18,000	25,000
3-family.....	27,000	32,000
4-family.....	33,000	38,000

2. The limit on amount of mortgage based on appraised value of the dwelling would be limited to (a) 100 percent of appraised value or (b) in the case of repair and rehabilitation, the sum of the estimated cost of repair and rehabilitation and the estimated value before repair and rehabilitation. No mortgage could exceed cost of rehabilitation and refinancing, if any. No downpayment required except \$200 per dwelling unit which may include settlement costs.

3. The mortgage would be required to be amortized within not more than 40 years or three-fourths of the Commissioner's estimate of the remaining economic life of the structure, whichever is lesser. The maximum interest rate would be 5 percent, except rate could be increased up to 6 percent if the Commissioner finds it necessary to meet the market.

4. Payment of claims on defaulted mortgages may cover accrued interest, if Commissioner contracts to pay claim upon assignment of mortgage to FHA.

5. The broadened program would permit the rehabilitation of existing structures for moderate-income families under the same formula as for displaced families.

6. Authority to insure mortgages for moderate-income families would terminate on July 1, 1963. There would be no termination date on the authority to insure mortgages for displaced persons.

Market rate programs; rental housing (five or more units): The terms and conditions under the broadened rental program would be the same as those for the sales housing program described above, with the following exceptions:

1. The maximum amount of mortgage could not exceed—

	Per room	Per unit if under 4 rooms
Garden type.....	\$2,250	\$8,500
Elevator	2,750	9,000
Increase in high cost area	1,000	----

NOTE.—Exterior land improvements excluded in determining maximum amount of mortgage based upon per room or per unit limits.

2. The loan ratio would be based upon 90 percent of replacement cost of new construction.

3. The term of the mortgage would be prescribed by the Commissioner and such mortgage would carry an interest rate of not more than 5 percent with authority in the Commissioner to increase the maximum to 6 percent if the Commissioner finds it necessary to meet the mortgage market.

4. The program would provide for mortgage insurance on rental housing constructed by profitmaking mortgagors; the minimum number of units which could be in any project would be five.

5. The program provides for the rehabilitation of existing structures for either displaced families or moderate income families but provides that the maximum loan ratio on rehabilitated properties is to be 90 percent of rehabilitation costs plus the Commissioner's estimate of value before rehabilitation. In the case of rehabilitation, a mortgage could not exceed the cost of rehabilitation and amount, if any, required to refinance existing indebtedness.

6. This rental program for moderate-income families would terminate on July 1, 1963, but no termination date is provided for displaced families.

Below market rate program; rental housing (five or more units): Amends section 221(d)(3) to authorize the FHA Commissioner to insure mortgages bearing interest at "below market rate" with a partial or no insurance premium and liberalized features for payment of insurance claims. Mortgages bearing interest at "market rate" could also be insured under the provisions of the

subsection with no insurance reductions or waivers.

The terms and conditions for a mortgage to be eligible under the subsection would be as follows:

1. Eligible mortgagors participating in the program bearing interest at below market rate must be nonprofit organizations, limited dividend corporations, public bodies or agencies, or cooperatives. Such categories of eligible mortgagors could also obtain mortgage insurance under the program where the mortgage bears the market rate of interest.

2. The maximum insurable amount per room and per unit of any mortgage secured by rental housing would be the same as the amount provided in the market rate program as described above.

3. The maximum loan ratio would be 100 percent of the Commissioner's estimate of replacement cost, except in case of rehabilitation would be same as market rate program.

4. The mortgage would be required to be amortized under such terms and conditions as may be prescribed by the Commissioner and such mortgage could bear an interest rate at not more than 5 percent with discretionary authority in the Commissioner to increase such maximum to 6 percent; such mortgage could also bear interest at a rate of not less than the annual rate of interest determined by the Secretary of Treasury based on the average market yield on all outstanding marketable obligations.

5. The Commissioner may insure below market rate mortgages without premium charge or partial premium charge except that on mortgages which bear a market rate of interest, the Commissioner could require the regular FHA insurance premium.

6. The payment of insurance claims on defaulted mortgages could be in cash or debentures, and claims may include accrued interest as well as principal and other eligible items if mortgage is permitted to be assigned to FHA.

7. Mortgages insured bearing below market rate interest would be eligible for purchase by the FNMA even though a mortgagor may be a Federal, State, territorial, or municipal instrumentality.

8. Mortgages on rehabilitated property may be insured on the same basis as required for mortgages insured under the market rate rental program as described above.

Home improvement and rehabilitation loans Loans in Urban Renewal Areas

Section 102(a): Adds section 220(h) to the National Housing Act to establish a new home improvement loan program for homes and multifamily structures in urban renewal areas. The terms and conditions for a loan to be eligible under the new section would be as follows:

1. The maximum loan could not exceed (a) \$10,000 per family unit or estimated cost of improvement, whichever is lesser, and (b) an amount, which when added to any outstanding indebtedness relating to property being improved, would keep the total indebtedness against the property within the limits applicable to mortgages insured under the FHA section 220 program.

2. The term of the loan could not exceed 25 years, or three-fourths of the economic life of the property, whichever is less.

3. Maximum interest rates on such loans may be prescribed by the Commissioner but may not be in excess of 6 percent. Such loans may also bear service charge, appraisal, inspection, and other fees.

4. Property owners and long-term lessees in areas designated as urban renewal areas would be eligible borrowers under the program.

5. The loans authorized by the new section would have adequate security in such manner as the Commissioner may require

and the Commissioner is authorized to charge an insurance premium on such loans.

6. Debentures issued on defaulted loans may include accrued interest as well as unpaid principal upon assignment to FHA.

7. Home improvement loans for structures used as rental accommodations for five or more families would be subject to cost certification provisions similar to cost certification required by section 227 of the National Housing Act.

8. FNMA would be authorized to purchase any home improvement loans insured by the FHA.

Loans Outside Urban Renewal Areas

Section 102(b): Amends section 203 of such act to add a new subsection to establish a home improvement loan program outside urban renewal areas. The terms and conditions of the new loan program would be the same as those provided for home improvement loans "in urban renewal areas," except that loans would be limited to improvement of one- to four-family dwellings where project has been determined to be economically sound.

Housing Improvements and Rehabilitation

Section 102: Further amends section 220 of the National Housing Act to provide a new basis for determining the maximum loan ratio on rehabilitation mortgages. The new maximum loan ratio would be based on the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of value of the property before repair and rehabilitation, but the mortgage could not exceed the cost of rehabilitation and amount, if any, required to refinance existing indebtedness.

Experimental housing mortgage insurance

Section 103: Adds a new section 233 to the National Housing Act to authorize the FHA Commissioner to make commitments to insure and to insure mortgages on properties (both sales and rental) involving uses of advanced technology in housing design, materials or construction or experimental neighborhood design, deemed significant in reducing cost or improving quality. Substitutes acceptable risk for economic soundness test for mortgages insured under this new program.

Mortgage insurance for individually owned units and multifamily projects

Section 104: Adds a new section 234 to the National Housing Act to permit mortgage insurance for individual fee simple or long-term lease ownership of a unit in a multifamily structure. Such ownership would include undivided ownership interest in common areas and facilities and the community and commercial facilities, if any, which serve the apartment building in which the individual's unit is located.

Under the new section, mortgages would be limited to owners of no more than four single-family units and only FHA multifamily projects would be eligible for condominium insurance except FHA section 213 (cooperative multifamily projects) would be excluded.

TITLE II—HOUSING FOR ELDERLY PERSONS AND LOW-INCOME FAMILIES

Housing for the elderly

Eligible Mortgages

Section 201 (1), (2), (3), (4), and (7): amends section 202(a) (1), (2), (3), and (c) (3) of the Housing Act of 1959 to make public bodies and agencies and consumer cooperatives eligible for elderly housing direct loans.

Direct Loan Authorization

Section 201(5): Amends section 202(a) (5) of such act to increase the elderly housing direct loan authorization from \$50 million to \$100 million.

Limitation for Related Facilities

Section 201(6): Amends section 202(a) (6) to delete the limitation that not more than \$5 million may be outstanding at any one time for related facilities.

Public housing

Eligibility Requirement for Disabled Persons

Section 202: Amends section 2 of the U.S. Housing Act of 1937 to remove the requirement that disabled persons be at least 50 years of age in order to conform act with recent changes made in Social Security Act.

Use of Existing Dwellings

Section 203: Amends section 7 of such act so that the Housing and Home Finance Administrator and the Public Housing Commissioner shall encourage the use of existing dwellings in the undertaking and carrying out of low-rent housing projects.

Additional Subsidy for Elderly Tenants

Section 204: Amends section 10(a) of such act to permit payment of an additional annual Federal contribution of not to exceed \$120 per year for each elderly family, provided such additional contribution is required in any year to avoid a deficit in low-rent project operation.

Dwelling Unit Authorization

Section 205: Amends section 10(e) of such act to make available the remaining balance of the \$336 million annual contribution authorization contained in the Housing Act of 1949, which would cover approximately 100,000 units and to provide that contracts for additional units for any one State after date of enactment of the bill could not be entered into for more than 15 percent of the aggregate amount of contributions not already under contract on that date.

Greater Local Responsibility for Admission Policy

Section 206: Amends section 10(g) of such act to (1) give localities greater flexibility in shaping admission policies in such a way as to best meet their own particular local problems, and (2) permit local agencies to allow overincome tenants to continue occupancy during the period the local agency determines that the overincome family is unable to find a decent private dwelling within its financial reach if the family pays an appropriate rent.

Demonstration Programs

Section 207: Amends section 11 of such act to—

1. Give the Public Housing Commissioner discretionary authority to make grants to public or private bodies to develop and demonstrate new or improved means of providing housing and a suitable living environment for low-income persons and families and for obtaining maximum efficiency and economy in construction and management of low-rent housing.

2. Authorize appropriation of \$10 million for grants for demonstration program.

Increased Cost Limits for Units for Elderly

Section 208: Amends section 15 of such act to increase the per room limitation in low-rent public housing projects in the case of Alaska and in the case of units designed for elderly persons from \$2,500 to \$3,000. This section would also permit capital donations and other non-Federal aid and additions to projects without the amount being charged against the room-cost limitation.

TITLE III—URBAN RENEWAL AND PLANNING

Urban renewal

Pooling Grants-in-Aid Between Projects Within Communities

Section 301: Amends section 103(a) to permit pooling of local noncash grant-in-aid credits earned in projects assisted under both

the two-thirds and three-fourths formulas for Federal grants.

Incontestable Federal Obligation in Private Financing of Projects

Section 302: Amends section 102(c) of such act to directly obligate Federal Government to holder of LPA obligation where Federal loan contract is pledged (to improve marketability and reduce interest rate) and would make Federal obligation incontestable in hands of bearer of LPA obligation.

Capital Grant Authorization

Section 303: Amends section 103(b) of such act to increase capital grant authorization by \$2.5 billion from \$2 billion to \$4.5 billion. Also reserves \$50 million of this authorization for use in making grants for mass transportation demonstration projects.

Relocation Payments

Section 304: Amends section 106(f) of such act to make it clear that nonprofit organizations are eligible for relocation payments. Retains existing ceilings of \$200 for individuals or families and \$3,000 for business concerns or nonprofit organizations which amounts are paid entirely from Federal grants but provides that the Administrator of HHFA may permit the \$200 and \$3,000 ceiling to be increased in which event the excess would be added to the gross project cost and would be shared by the Federal Government and by the local government in accordance with applicable Federal-local sharing formula. Also makes it clear payments to individuals and families of fixed amount could be made in lieu of reasonable and necessary moving expenses and direct losses of property.

Financial Assistance for Displaced Business Concerns

Section 305: Amends section 7(b) of the Small Business Act to permit Small Business Administration to make loans, under the disaster loan program terms, to small businesses that have been displaced by federally assisted urban renewal projects and have suffered substantial economic injury as a result of the displacement.

State Limitation

Section 306: Amends section 106(e) of the Housing Act of 1949 to increase the amount that any one State may obtain of the capital grant authorization from 12½ percent of the total authorization, plus a portion of the \$100 million reserve fund for all States exceeding the 12½ percent maximum, to 12½ percent of the total authorization, plus a portion of a \$150 million reserve fund.

Resale of Property in Urban Renewal Areas for Housing Moderate Income Families

Section 307: Amends section 107 of such act to—

1. Permit urban renewal property to be made available to a limited-dividend corporation, nonprofit corporation, or association, cooperative, public body or agency, or an FHA section 221(d) (4) profitmaking rental housing mortgagor for purchase at fair value for use by purchaser in provision of moderate income rental or cooperative housing.

2. Make provision in existing law, which permits land in urban renewal areas to be sold at a reduced price for public housing purposes, applicable to urban renewal property acquired prior to September 23, 1959.

Rehabilitation

Section 308: Amends section 110(e) of such act to permit local public agencies to carry out rehabilitation demonstrations in urban renewal projects by acquiring properties, improving them for dwelling use or related facilities, and reselling them to private owners.

Increase in Nonresidential Exception

Section 309: Amends section 110(c) of such act to increase the amount of grant authorization which may be used for non-residential purposes from 20 to 30 percent of new authority provided by this bill.

Urban Renewal Areas Involving Colleges, Universities, or Hospitals

Section 310: Rewrites section 112 of such act to allow—

1. Credit for State-licensed hospital expenditures in urban renewal areas.

2. Expenditures made by university or hospital acting through city or public corporation to be eligible as local grant-in-aid.

3. Similar expenditures made by State agency leasing properties to university or hospital to be eligible as local grant-in-aid.

4. Expenditures by institution or hospital in acquisition of property from city when not acting as urban renewal agency to be eligible as local grant-in-aid.

5. Expenditures by institution or hospital in relocating occupants being displaced from structures to be rehabilitated to be eligible as local grant-in-aid.

6. Expenditures to count if made not over 5 years prior to authorization by Housing Administrator of a loan or grant contract for the project, or if made in connection with a project for which a loan or grant contract was authorized prior to September 25, 1963, if expenditures were made not over 5 years prior to date of application for financial assistance.

Urban planning assistance

Planning Assistance

Section 311(1): Amends section 701 of the Housing Act of 1954 to change the amount of grant from one-half to two-thirds of the estimated cost of the work for which the grant is made.

Section 311(2): Amends section 701 of such act to increase appropriation authorization from \$20 million to \$100 million.

Section 311(3): Amends section 701 of such act to extend planning to include the preparation of comprehensive mass transportation surveys to help solve problems of mass transit in urban areas.

Section 311(4): Amends section 701 of such act to permit grants to be made to interstate planning agencies formed by interstate compacts.

Historical Site in Urban Renewal Area

Section 312: Notwithstanding section 110(c) (4) of such act, permits donation of a parcel of land in urban renewal area to the James White's Fort Association in Knoxville, Tenn., if such property is restored as historical site and monument is operated on nonprofit basis.

Credit for Cost of School Construction

Section 313: Adds a provision to such act to permit the cost of school construction in a certain urban renewal project in Roanoke, Va., to be counted as a local contribution.

Technical Amendments

Section 314: (a), (b), and (c) amends sections 101(c), 102(a), and 110(c) to—

1. Make existing law clear that the workable program relates to a program for community improvement.

2. Make existing law clear that early land acquisition loans for acquisition and demolition of property may cover administration, relocation, and other costs related to the demolition and removal of structures acquired with the loans.

3. Clarify question concerning leasing of urban renewal project land.

TITLE IV—COLLEGE HOUSING, COMMUNITY FACILITIES, AND MASS TRANSPORTATION

College housing

Loan Authorization

Section 401(a): Amends section 401(d) of the Housing Act of 1952 to—

1. Increase loan authorization by \$100 million upon enactment and by an additional \$250 million for each of the 5 years beginning July 1, 1961, through 1965.

2. Increase limitation for other educational facilities by \$25 million for each of the 5 years beginning July 1, 1961, through 1965.

3. Increase limitation for student nurse and intern housing at hospitals by \$25 million for each of the 5 years beginning July 1, 1961, through 1965.

State Limitation

Section 401(b): Amends section 403 of such act to increase State limitation from 10 to 12½ percent of total loan authorization.

Community facilities and mass transportation

Public Facility and Mass Transportation Loans

Section 402: Amends sections 201, 202, and 203 of the Housing Amendments of 1955 (public facility loan program) to make the program applicable to the financing, acquisition, construction, and improvement of facilities and equipment for use in mass transit systems in urban areas. This section would also increase the public facility loan revolving fund from \$150 million to \$300 million—\$100 million of the total fund is reserved for the mass transportation loans. This section would further provide that funds for mass transportation loans shall be obtained from the Treasury at a rate not more than the average interest rate of all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the borrowing.

Advances for Public Works Planning

Section 403: Amends section 702 of the Housing Act of 1954 to—

1. Increase the amount which may be advanced to any one State from 10 to 12½ percent of the aggregate amount then authorized to be appropriated.

2. Make projects eligible for planning advances which may be constructed within or over a reasonable period of time considering the nature of the project and to permit advances for areawide projects requiring a substantial period for completion.

TITLE V—AMENDMENTS TO THE NATIONAL HOUSING ACT

Federal national mortgage association

Special Assistance Authorization

Section 501: Amends section 305(c) of the National Housing Act to increase FNMA special assistance authorization (Presidential allocation) by \$750 million.

Section 502: Amends section 302(b) of such act to permit the maximum amount of an FHA section 213 loan purchased by the FNMA, if such mortgage is secured by a project in an urban renewal area, to be the same as the maximum amount insured by FHA. This is now permitted for loans insured under section 220.

FHA insurance programs

Expansion of Title I Home Repair and Improvement Program

Section 503(a): Amends section 2(a) of the National Housing Act to extend program for 2 years until October 1, 1963. (Present expiration date is October 1, 1961.)

FHA General Insurance Authorization

Section 503 (b) and (c): Amends section 203(a) and section 217 of such act to remove dollar ceilings on FHA's insurance authorization and provides that loans and mortgages may be insured until October 1, 1965, except for certain programs that have different termination dates.

Armed Service Housing

Section 503(d): Amends section 803(a) of such act to extend the mortgage insurance programs for Capehart military housing and

housing for employees of NASA and AEC to October 1, 1962, and to increase the limitation on the number of Capehart units which may be constructed after June 30, 1959, to 37,000 (expiration date in existing law is October 1, 1961, and limitation in existing law on number of Capehart units which may be constructed is 25,000).

Authority To Reduce Insurance Premium Charge

Section 504: Amends section 203(c) of such act to give the FHA Commissioner discretion to reduce mortgage insurance premium on any program under title II of the National Housing Act to one-fourth of 1 percent per annum and permit any reduction to apply to outstanding mortgages.

Section 207 (Regular Rental) Housing Program

Section 505(1): Amends section 207 of such act to permit individuals, groups of individuals, or partnerships to be rental housing mortgagors if approved by Commissioner (in addition to those under present law).

Exterior Land Improvements

Section 505(2): Amends section 207(c) (3) of such act to permit exterior land improvements to be excluded in determining maximum amount of rental housing mortgage. (Same amendment is made by bill in FHA secs. 221, 213, and 231 programs.)

Cooperative Housing Insurance

Section 506(a) (1) and (2): Amends section 213 (b) and (d) of such act to decrease the minimum number of units in a multifamily cooperative housing project from eight to five, and to exclude exterior land improvements from determination of maximum amount of mortgage.

Section 506(a) (3): Amends section 213(h) of such act to give FHA Commissioner discretionary authority to insure additional mortgage after failure of sponsor to sell to a cooperative after such period of time as he deems appropriate.

Section 506(b): Amends section 213 of such act by adding a new subsection (j) to authorize FHA to insure supplementary cooperative loans to consumer cooperatives to provide (1) improvements or repairs, or (2) additional community facilities for a section 213 property.

Additional Mortgage Insurance on Multifamily Projects

Section 507(a): Amends section 223 of such act by adding a new subsection (c) to permit expenses of a multifamily project which exceed project income during first 2 years following final endorsement for insurance of a mortgage by FHA to be added to amount of insured mortgage.

Section 507(b): Amends section 223 of such act to permit FHA Commissioner to insure mortgages (covering housing sold by Federal, State, or local governments) under sections 220, 221, 231, or 233 in addition to those sections under present law.

Nursing Homes (Maximum Mortgage)

Section 508: Amends section 232(d) of such act to permit mortgage of 90 percent of estimated replacement cost (new construction), 90 percent of value (existing structures).

Technical and conforming amendments

Maturity Date of Home Mortgages

Section 509(a) (1): Amends section 203(b) (3) of such act to permit maturity date for home mortgages insured by the FHA to be calculated from the beginning of amortization of the mortgage.

Section 509(a) (2): Amends section 203(c) of such act to permit the FHA to pay insurance premiums with debentures which are obligations of the insurance fund or the account to which premium charges are credited.

Date of Certain debentures

Section 509(b): Amends section 204(d) of such act to permit debentures in payment of insurance claims on loans insured under FHA sections 220, 221 and 233 programs to be dated as of the date of assignment of the mortgage or conveyance of property to Commissioner.

Conveyance of Foreclosed Properties to FHA

Section 509(c): Amends section 204(j) of such act to permit properties to be conveyed to the FHA without naming the Commissioner by name.

Expenses of FHA Statistical and Economic Surveys

Section 509(d): Amends section 209 of such act to permit FHA's statistical and economic surveys to be charged as a general expense against any insurance fund or account.

FHA Labor Standards Provision

Section 509(e): Amends section 212 of such act to make FHA labor standards provisions applicable to new home improvement loan program for multifamily housing, to moderate income rental housing program where mortgagors are cooperatives or limited profit, and to multifamily experimental housing under new section 233. (Condominiums constructed with FHA mortgage insurance would be subject to labor provisions without further amendment).

Transfer Between FHA Insurance Funds

Section 509(f): Amends section 219 of such act to permit moneys in the FHA title I insurance account and other new accounts and funds created by this bill to be transferred among the various other insurance funds, except the Mutual Mortgage Insurance Fund.

Payment of Insurance Claims (Section 220 Mortgages (Urban Renewal Housing))

Section 509(g): Amends section 220(f) of such act to permit Commissioner to include accrued interest and unpaid principal in FHA debentures issued in payment of claims being made on defaulted mortgages insured under section 220 and assigned to FHA after default.

Interest Rates on FHA Debentures

Section 509(h): Amends section 224 of such act to permit the interest rates of debentures for payment of claims on mortgages or loans insured under sections 220 (urban renewal housing and improvement loans), 221 (moderate income and relocation housing) and 233 (experimental housing program) to be at rates in effect at the date of their issuance if Commissioner so prescribes in insurance contract. Debentures could also bear interest at same rate as for debentures related to other loans, if Commissioner so prescribes. Interest rate on debentures related to other loans would be rate in effect on date of commitment to insure, or date loan was endorsed or initially endorsed for insurance, whichever rate is highest.

FHA Appraisals to Home Purchasers

Section 509(i): Amends section 226 of such act to confirm existing law so that FHA appraisals as required by the bill shall be furnished to home buyers and to purchasers whose mortgages are insured under the new FHA section 233 (experimental housing) program and new FHA section 234 (condominium) program.

FHA Cost Certification

Section 509(j): Amends section 227 of such act to apply cost certification requirement to new section 233 multifamily experimental housing program authorized by bill and make other conforming amendments in cost certification provisions.

Voluntary Termination of FHA Insurance on Multifamily Housing Mortgages and Loans

Section 509(k): Amends section 229 of such act to permit FHA to terminate insurance upon agreement between any mortgagor and mortgagee upon the payment of an adjusted insurance premium.

Exterior Land Improvements

Section 509(l): Amends section 231 of such act (elderly housing) to permit exterior land improvements to be excluded in determining maximum amount of mortgage.

TITLE VI—OPEN SPACE AND URBAN DEVELOPMENT**Introduction**

This title adds a new program to assist State and local governments in preserving open-space land in and around urban areas which, for economic, social, conservation, recreational, or esthetic reasons, is essential to the proper long-range development and welfare of the Nation's urban areas and their suburban environs.

Findings and Purpose

Section 601: Finds it to be the purpose of the Congress to help curb urban sprawl and prevent spread of blight, to encourage more economic and desirable urban development, and to help provide recreational, conservation, and scenic areas by assisting preservation of open-space land.

Federal Grants

Section 602: Provides that—

1. Housing and Home Finance Administrator authorized to contract to make grants to State and local public bodies which—

(a) Do not exceed 25 percent of total cost of acquiring land to be used as permanent open space, except grant can be up to 35 percent in case of public body which (i) exercises responsibilities for urban area as a whole, or (ii) exercises or participates in exercise of such responsibilities for all or a substantial portion of an urban area pursuant to interstate or other intergovernmental agreements; and

(b) Aggregate not more than \$100 million.

2. Grants may not be used to pay development costs or State or local governmental expenses.

3. Appropriations are authorized for the payment of grants and the faith of the United States is pledged to the payment of grants for which contracts are made.

4. Administrator is required to consult with the Secretary of the Interior on general policies to be followed in reviewing applications for grants.

Planning Requirements

Section 603: Provides that—

1. Administrator must find—

(a) Proposed open space is important to execution of a comprehensive plan meeting criteria he establishes, and

(b) A program of comprehensive planning is being actively carried on.

2. Administrator shall take appropriate action to assure preservation by local governing bodies of maximum of open-space land, with minimum of cost, through use of existing public land, use of special tax, zoning and subdivision provisions, and continuation of appropriate private use of open-space land.

3. In processing applications Administrator shall consider extent of local encouragement of orderly community development and of an adequate supply of housing.

Conversions to Other Uses

Section 604 Provides that no open-space land for which grant has been made shall be converted to other uses without approval by Administrator, and his approval shall be contingent upon substitution of other open-space land.

Technical Assistance, Studies and Publication of Information

Section 605: Provides that Administrator is authorized to provide and carry out with funds appropriated for purposes.

Definitions

Section 606: Defines—1. "Open-space land" means any undeveloped or predominantly undeveloped land, including agricultural land, in or adjoining an urban area, which has (a) economic and social value as a means of shaping the character, direction, and timing of community development (b) recreational value; (c) conservation value in protecting natural resources; or (d) historic, scenic, scientific, or esthetic value.

2. "Urban area" means any area which is urban in character, including surrounding areas which form an economic and socially related region.

TITLE VII—OTHER HOUSING PROGRAMS**Farm housing****Securities on Property Under Farm Housing Program**

Section 701(a): Amends section 502(b) of the Housing Act of 1949 to permit wider latitude in type of security the borrower must provide in order to obtain a loan.

Extension of Farm Housing Program (Title V, Housing Act of 1949)

Section 701 (b) and (c): Amends sections 511, 512, and 513 of the Housing Act of 1949 by extending the farm housing program for 5 years until June 30, 1966.

Home improvement loans by savings and loan associations and national banks**Authority to make Home Improvement Loans**

Sections 702 and 703: Amends section 5(c) of the Homeowners Loan Act of 1933 and section 24 of the Federal Reserve Act, respectively, to assure authority of savings and loan associations and national banks to make FHA-insured home improvement loans under the new program (sections 220(h) and 203(k) of the National Housing Act) provided by this bill, notwithstanding the fact that the loans may not be secured by a first mortgage.

Voluntary home mortgage credit program**Extension of program**

Section 704: Amends section 610(a) of the Housing Act of 1954 to extend the VPMC program until October 1, 1965. (Present expiration date is October 1, 1961.)

Lanham Act housing**Disposal of Passyunk War Housing Project**

Section 705: Amends section 802(a) of the Housing Act of 1959 to extend for 1 year the period during which military personnel and civilian personnel employed in defense activities may continue to occupy the Passyunk war housing project in Philadelphia, with occupancy preferences and without regard to their income.

Veterans' Administration direct home loans**Maximum Amount of Loan**

Section 706(a)(1): Amends section 1811 (d) of such title to permit VA Administrator to increase maximum from \$13,500 to \$15,000 in areas where climatic conditions require higher construction costs.

Formula for Determining Veteran Eligibility

Section 706(a)(2): Amends section 1811 (h) of such title to provide a period of time for eligibility equal to 10 years from date of discharge from active duty during World War II or Korean conflict (as the case may be) plus an additional 1 year for each 4 months' duty during such war or conflict.

Extension of Direct Home Loan Program

Section 706(a)(2): Amends section 1811 of such title to extend the period in which

a veteran of World War II may obtain a direct loan until July 25, 1967, and to extend the period in which a veteran of the Korean conflict may obtain such a loan until January 31, 1975.

Additional Authorization for Direct Loan

Section 706(b)(1): Amends section 1823 (a) of such title to provide for additional authorization as follows:

After enactment of this bill	
(4th quarter fiscal 1961)-----	\$100,000,000
After June 30, 1961-----	400,000,000
After June 30, 1962-----	200,000,000
After June 30, 1963-----	150,000,000
After June 30, 1964-----	150,000,000
After June 30, 1965-----	100,000,000
After June 30, 1966-----	100,000,000

Administrative

Purchase of Publications

Section 707: Amends section 502 of the Housing Act of 1948 to permit the Administrator of HHFA and the heads of constituent agencies to use funds made available for salaries and expenses to purchase advance subscriptions to publications, and also purchase memberships in organizations to enable the agencies to receive or purchase scientific and other publications.

Mr. SPARKMAN. Mr. President, title I of the committee bill would first establish three new programs of mortgage insurance under the Federal Housing Administration.

Section 101 of the bill would broaden the existing FHA 40-year, no-downpayment mortgage insurance program for families displaced by urban renewal and other Federal activities to include a mortgage insurance program for families of moderate income.

Let me make it absolutely clear that the 40-year, no-downpayment insurance program is not an innovation insofar as the FHA is concerned. The FHA has been insuring such mortgages under the section 221 program for some time. This section was first enacted into law by the Housing Act of 1954 during the 2d session of the 84th Congress. The committee bill proposes only to broaden the existing 221 program to cover families of moderate income.

Perhaps it would be well to explain at this point that the broadening of the section 221 program will not eliminate the provisions in existing law which make the FHA insurance available to sales and rental dwelling units for displaced families. In fact, such families under the provisions of the bill will be given priority of occupancy in housing constructed under the 221 program.

For the sake of clarity, the broadening of FHA section 221 to provide for a mortgage insurance program for families of moderate income may be broken into three parts. These are first, a sales program which contemplates FHA insurance of 40-year, no-downpayment mortgages secured by single-family dwellings and which mortgages would bear interest at market rates; second, a rental program which contemplates FHA insurance for mortgages secured by rental properties constructed by profitmaking organizations and which mortgages would bear interest at market rates; and third, a rental program which contemplates FHA insurance for mortgages secured by rental properties constructed by a specific group of nonprofit type or-

ganizations and which mortgages would bear interest at below the market rates.

With regard to the programs which contemplate mortgages bearing interest at market rates the workable program requirement as well as the HHFA certification of the number of dwelling units to be constructed in any given area under the section 221 program would be eliminated.

In addition, in order to attract private investment capital into the programs bearing interest at the market rate, the bill would make several minor amendments pertaining to the payment of insurance claims. These amendments are first, defaulted mortgages could be assigned—at the discretion of the FHA Commissioner—to the Agency and insurance claim could be paid without the holder of such mortgage being required, as under present law, to foreclose the mortgage and obtain possession of the property in order to convey title to the FHA; second, FHA debentures, which are issued to pay insurance claims, could bear an interest rate in effect at the time of their issuance rather than the rate in effect at the time of insurance of mortgage as under existing law; and third, accrued interest which was lost by the lender could be included in FHA debentures. Because the sales and profitmaking rental programs under the FHA section 221 program are experimental in nature, the bill would provide for a termination date of June 30, 1963.

In regard to the program which contemplates mortgages bearing interest at below the market rate, the bill would make several changes in the existing 221 program in order to make the below market rate program serve the lower moderate income family. These changes are:

First. The bill would permit public bodies and agencies, limited dividend corporations, and consumer type cooperatives to be eligible for mortgage insurance if such groups construct rental accommodations for the lower moderate income families.

Second. The bill would provide that such mortgages could bear interest at a rate of not less than the annual rate of interest determined by the Secretary of Treasury based on all outstanding marketable obligations of the United States. At present such a rate would be about 3½ percent.

Third. The bill would permit insurance claims to be paid in either cash or debentures at the discretion of the Commissioner but in any event the payment of claim would be determined by the Commissioner at the time the mortgage was insured. In addition, as is in the case of the proposed market rate program, the bill would provide that FHA debentures issued on defaulted mortgages under the below market rate program would bear interest at the date of their issuance rather than at the date the mortgage was endorsed for insurance and further, payment of claims could cover accrued interest lost by the lender. As in the case of the market rate programs, the bill would provide that defaulted mortgages could be assigned by

the holder to the FHA without foreclosure proceedings in order to perfect title.

Fourth. The bill would provide that the Commissioner could insure mortgages on the below market rate program without premium charge or with partial premium charge.

Fifth. The bill would provide that the mortgages secured by rental accommodations for the lower moderate income family would be eligible for purchase by the FNMA under its special assistance function.

Sixth. The statutory prerequisite of a workable program and a certification by the HHFA Administrator for the number of units to be built in any given area would still be applicable to mortgages insured under the below market rate program.

Section 102 of the bill would establish a new home improvement and rehabilitation loan insurance program to be administered by the FHA. For all practical purposes this new program may be broken into two parts: first, home improvement and rehabilitation loans in urban renewal areas; and second, loans outside urban renewal areas.

Section 102(a) of the bill would establish a home improvement loan program for homes and multifamily structures in urban renewal areas. Such loans could not exceed (a) \$10,000 per family unit or the estimated cost of improvements, whichever is lesser, and (b) an amount which when added to any outstanding indebtedness relating to the property being improved would keep the total indebtedness against the property within the limits applicable to mortgages insured under the FHA section 220—urban renewal housing—program. The term of the loan could not exceed 25 years or three-fourths of the economic life of the property, whichever is the lesser. Maximum interest rate on such loans may be prescribed by the Commissioner, but may not be in excess of 6 percent. In addition, the FNMA would be authorized to purchase any home improvement loan insured by the FHA.

Section 102(b) of the bill would establish a home improvement loan program outside urban renewal areas. The terms and conditions of the new loan program would be the same as those provided for the home improvement program in urban renewal areas except that loans would be limited to improvements of one- to four-family dwellings where such housing has been determined by the Commissioner to be economically sound.

These new loan programs are to be distinguished from the existing Title I home repair and improvement program. Under the existing program, lenders are charged with the responsibility of making loans and reporting to the FHA that such loans have been made, except in cases where loans applied for are in excess of \$5,000. Under these circumstances, the FHA reviews the application before the loan is approved. The bill contemplates that loans made pursuant to the new programs will be processed through the FHA the same as the Agency now processes on mortgages to be insured and, further, the bill contemplates that

the Agency will apply its regular underwriting standards to applications for loans before an FHA commitment to insure the loan is issued.

While the committee strongly supports the objectives of the new home improvement and rehabilitation program, we were concerned about the Government's risk on these loans. Consequently, the committee bill requires that adequate security will be taken in connection with these loans in such a manner as the Commissioner deems appropriate. In addition, the committee report makes it clear that any loan with a large face amount and a long maturity should be secured by a lien on the property involved. This lien may take the form of a junior lien or other liens as may be appropriate under the circumstances involved and the laws of a particular State.

Section 102 of the bill also would provide a new basis for determining the maximum loan ratio on rehabilitation mortgages under existing programs. FHA insures mortgages for loans used to finance rehabilitation of housing in urban renewal areas under section 220 and for loans used to rehabilitate housing for occupancy by displaced families under section 221.

Under the existing law, the basis for determining the maximum amount of a section 220 rehabilitation mortgage is the appraised value of the property. Under the bill the basis would be the sum of first, the estimated cost of the rehabilitation; and second, the Commissioner's estimate of the value of the property before rehabilitation. However, in no event could the mortgage exceed the cost of rehabilitation and the amount, if any, required to refinance existing indebtedness.

Section 103 of the bill would add a new section to the National Housing Act to authorize the FHA Commissioner to insure mortgages secured by properties, both sales and rental, which are constructed utilizing advance designs and technology.

Under this new section, FHA would be authorized to insure mortgages for loans on homes or rental housing built with new and untried materials, design and construction methods and involving experimental property standards and neighborhood design. The program is designed to assist in reducing housing costs and improving housing standards. The FHA would be authorized to make investigations and analyses of data and to publish and distribute reports on this program.

A mortgage eligible under this new program could be insured if it meets requirements of the regular mortgage insurance programs, except that the property would not have to meet the economic soundness requirement. Instead, it would need to be an acceptable risk giving consideration to the need for testing advanced housing technology. Also, the Commissioner's estimate of the cost of replacing the property with a house of comparable conventional construction would be used in lieu of value for determining maximum amount of the mortgage.

Authority is provided for the Commissioner of the FHA to transfer the sum of \$1 million to the experimental housing insurance fund to be used as a revolving fund to carry out the provisions of the experimental program. Although the bill does not place a limitation on the number of mortgages that may be insured under the new experimental program, the committee has made it clear in the report that mortgage insurance under the program should not be written in an aggregate amount which would result in estimated claims exceeding \$1 million.

Section 104 of the bill would add another new section to the National Housing Act to permit mortgage insurance for individual fee simple or long-term lease ownership of a unit in a multifamily structure. Such ownership would include undivided ownership interest in common areas and facilities and the community and commercial facilities, if any, which serve the apartment building in which the individual's unit is located. This type of ownership is often referred to as condominium.

Under the new section, mortgages would be limited to owners of not more than four single-family units and only FHA multifamily projects would be eligible for a condominium insurance except FHA section 213—cooperative multifamily projects—would be excluded.

The maximum term of the mortgage, the interest rates, and the maximum loan-to-value ratio under this new section would be the same as those applicable to the FHA section 203—regular sales housing—program.

In addition to the new proposals which I have already discussed, the bill contains in title IV and title VI provisions for establishing two new programs that will fall within the administrative jurisdiction of the Housing and Home Finance Agency. These programs are, first, a mass transportation program; and second, an open space and urban development program.

Section 402 of the bill broadens the public facility loan program to make it applicable to the financing acquisition, construction, and improvement of facilities and equipment for use in mass transit systems in urban areas. This section would also increase the public facilities loan fund from \$150 to \$300 million—\$100 million of the total fund being reserved for mass transportation loans with the balance of the authorization to be used to finance the regular public facilities loan program. In addition, this section would provide that funds for mass transportation loans shall be obtained from the Treasury at a rate not more than the average interest rate of all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the borrowing. Another section of the bill reserves \$50 million of the urban renewal authorization for use in making grants for mass transportation demonstration projects and, in addition, the bill would amend the urban planning assistance program—section 701—to extend planning grants to in-

clude the preparation of comprehensive mass transportation surveys to help solve problems of mass transit in urban areas.

Title VI adds a new program to assist State and local governments in preserving open space land in and around urban areas which, for economic, social, conservation, recreational, or esthetic reasons, is essential to the proper long-range development and welfare of the Nation's urban areas and their suburban environs. Under this title the Housing and Home Finance Agency Administrator would be authorized to contract to make grants to State and local public bodies which do not exceed 25 percent of the total cost of acquiring land to be used as permanent open space, except grants can be up to 35 percent in the case of a public body which first, exercises responsibility for the urban area as a whole, or second, exercises or participates in exercise of such responsibilities for all or a substantial portion of an urban area pursuant to interstate or other intergovernmental agreement. This title of the bill also authorizes an appropriation of \$100 million for grants to carry out the open space and urban development programs.

Mr. President, this, in general, concludes the description of the new programs as proposed by the committee bill. The bill, however, contains several other provisions to extend existing programs, either by providing more funds with which to carry these programs on or by extending the termination dates of such programs. The most important of these provisions are as follows:

Section 201 would increase the authority for appropriation of funds for the elderly housing direct loan program from \$50 to \$100 million.

Section 205 would authorize the Public Housing Administration to contract for the approximately 100,000 additional dwelling units which can be financed with what remains of the annual contributions authorization of \$336 million originally provided under the 1949 act.

Section 303 would increase the capital grant authorization for the urban renewal program by \$2.5 billion.

Section 304 would remove the ceiling on relocation payments to families and to business establishments provided all amounts in excess of \$200 for families and \$3,000 for businesses, the maximum amount under existing law, are included in gross project costs and shared two-thirds by the Federal Government and one-third by localities. Amounts up to the maximum under existing law would continue to be paid out of Federal funds.

Section 311 would change the urban planning grant program—section 701 of the Housing Act of 1954—to first, increase the Federal share of the cost of planning activity undertaken under the program from one-half to two-thirds; second, increase the authorization for appropriations for grants from \$20 to \$100 million; and third, facilitate interstate planning for metropolitan areas and other urban areas crossing State boundaries.

Section 401 would provide for an immediate increase of \$100 million for fis-

cal 1961 and increases of \$250 million on July 1 of each of the 5 years 1961 through 1965 in the college housing loan authorization.

Section 501 would increase the FNMA special assistance fund by \$750 million, from \$950 million to \$1,700 million. Most of this fund is expected to be used to finance the new program for low- and middle-income families authorized by this bill.

Section 503(a) of the bill would provide for a 2-year extension of the home repair and improvement program under title I of the National Housing Act. Under present law, the program is due to expire on October 1, 1961.

Section 503 (b) and (c) would remove the present dollar ceiling on FHA's general mortgage insurance authorization, and existing law would be amended to provide that loans on mortgages except certain programs which have their own time limitation, may be insured until October 1, 1965.

Section 503(d) would extend the armed services mortgage insurance program until October 1, 1962, and would further amend the provision pertaining to that program to increase the number of units which could be constructed after June 30, 1959 to 37,000.

Section 701 would provide for a 4-year extension, that is until October 1, 1965, of the farm housing program as is provided in title V of the Housing Act of 1949.

Section 704 would provide for a 4-year extension of the voluntary home mortgage credit program, that is until October 1, 1965.

Section 706 would first, establish a formula for determining the eligibility period during which veterans of World War II and the Korean conflict would be eligible to participate in the direct loan program; second, extend the direct loan program for veterans of World War II until July 25, 1967, and for Korean conflict veterans until January 31, 1975; and third, increase the VA direct loan authorization by \$1.2 billion over a period of 6½ fiscal years.

Mr. President, as I stated a moment ago, I believe these are the highlights and principal provisions of S. 1922.

It is my personal view that S. 1922 is sound legislation and I am hopeful that it will receive favorable consideration by the Senate, by the House of Representatives, and will be signed into law by the President.

Mr. President, just this afternoon I read in the Evening Star an article which bears upon one provision in the bill. I believe one of the most popular programs in the field of housing over many years has been that of college housing. The bill proposes to increase the funds which will be available for college housing throughout the United States. The article in the Evening Star, on the first page of section B, is entitled "Housing Shortage Hits American U." It states that many students, particularly young women, who desired to attend American University and had paid their tuition have been given refunds accompanied by a letter stating that hous-

ing is not available; and that unless the applicants themselves could obtain housing in keeping with the rules and regulations of the university, they could not be admitted. That statement could be duplicated a hundred times or more throughout the United States.

A few months ago, I visited the land-grant college in my State, Auburn University. I was told that the university had been forced to stop taking applications for admission next September, especially the applications of young women, simply because sufficient facilities were not available.

The president of the University of Alabama was in Washington recently. He told me that the University of Alabama had to turn away a thousand students because of the lack of adequate housing. The same cry goes up from practically every college in the United States.

Mr. President, I said a moment ago that the college housing program was a popular one. That is indicated by the number of colleges which have participated in the program over the years of its existence.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the article entitled "Housing Shortage Hits American U.," published in the Washington Evening Star of today.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HOUSING SHORTAGE HITS AMERICAN UNIVERSITY—COEDS GIVEN REFUNDS, TOLD TO FIND ROOMS

(By John Rosson)

American University is so short of student dormitories it is now in the process of refunding room deposits to coeds it planned to enroll next fall and telling them they cannot register as freshmen unless they find their own housing.

The girls, already accepted on academic qualifications, made the \$75 deposits earlier this year fully expecting to attend their first classes next September. Most of them are finishing high school this month.

In a letter accompanying the refunds, the university is telling the would-be coeds they cannot enroll at all unless they find quarters off campus.

The exact number of refunds is not yet known, but the picture is made even rougher for the disappointed girls by a long-standing American University rule that freshman coeds not residing on campus must live with relatives.

RULE TO REMAIN

The rule will not be relaxed, university officials said. "We will not let them live just anywhere. If they want to attend American University they will still have to live with their parents or relatives."

The off-campus policy does not apply to male students or to sophomore, junior, and senior coeds.

At the bottom of the dorm shortage is a lack of building funds in general, a fouled-up construction schedule affecting a large addition to Hughes Hall (the on-campus girls' dormitory) and the loss next September of girls' dorm space at the new Sibley Hospital.

The resulting dormitory shortage affects even the boys.

American University, depending on the number of male and female students, assigns the buildings to either group. Next year,

however, fewer of both will be living on campus than are doing so this year.

Officials explain it this way:

1. Tardiness on the part of Congress to approve college construction funds caused a long delay in construction this year of the addition to Hughes Hall. The project, now underway, will increase the hall's capacity from 350 to about 700. The delay, however, means the building will not be ready until the fall of 1962, two semesters away.

FEW LIVING ON CAMPUS

2. Sibley Hospital, where a number of coeds have been living under auspices of the university, has notified officials it will need the rooms next fall and that the students will have to leave.

Since these are girls already enrolled at American University, they have a claim on Hughes Hall before incoming coeds. The boys are cut short because some of their campus dorms will have to revert to upper-class coeds still unable to get into Hughes Hall.

In all, the university reports that only 302 women and 153 men will be living on campus next fall. The comparative figures this year are 378 women and 314 men, the number of men being cut in half. The total American University enrollment will be about 8,500.

Mr. SPARKMAN. Mr. President, it is my personal view that in its overall form, S. 1922 is a sound bill. I hope that it will receive favorable consideration by the Senate and the House of Representatives. In that connection, that a subcommittee of the House Committee on Banking and Currency has reported a bill which in many respects is similar to the bill which has been reported to the Senate. I believe it is due to be called up in the House in about 2 weeks. I do not believe the conferees from the two Houses will have any difficulty in agreeing to a measure which will be signed by the President. I believe we shall have a program which will continue homebuilding for American families during the next year.

Mr. President, in connection with the article which I placed in the RECORD a few moments ago, regarding the college housing program, I ask unanimous consent to have printed at this point in the RECORD a list showing the participation by the various schools and colleges throughout the country in this program during the time it has been in existence.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

COLLEGE HOUSING PROGRAM APPROVED LOANS BY INSTITUTION

ALABAMA

The Marion Institute, Marion.
Spring Hill College, Spring Hill.
Auburn University, Auburn.
Howard College, Birmingham.
Tuskegee Institute, Tuskegee Institute.
St. Bernard College, St. Bernard.
Jacksonville State Teachers College, Jacksonville.
Alabama A. & M. College, Normal.
Troy State College, Troy.
Florence State College, Florence.
Birmingham Southern College, Birmingham.
Howard College, Birmingham.
University of Alabama (medical), Birmingham.
Huntington College, Montgomery.
University of Alabama, University.
Alabama College, Montevallo.

ALASKA

University of Alaska, College.

ARIZONA

Arizona State College, Tempe.
University of Arizona, Tucson.
Arizona State College, Flagstaff.

ARKANSAS

Ouachita Baptist College, Arkadelphia.
State A. M. & N. School, Pine Bluff.
Henderson State Teachers College, Arkadelphia.
Hendrix College, Conway.
University of Arkansas, Fayetteville.
Arkansas State Teachers College, Conway.
University of Arkansas (medical), Little Rock.
Arkansas State College, State College.
Harding College, Searcy.
Arkansas Polytechnic College, Russellville.
Little Rock University, Little Rock.
Philander Smith College, Little Rock.
John Brown University, Siloam Springs.
Arkansas A. & M. College, College Heights.

CALIFORNIA

Menlo College, Menlo Park.
University of San Francisco, San Francisco.
Whittier College, Whittier.
University of Santa Clara, Santa Clara.
University of Southern California, Los Angeles.
Occidental College, Los Angeles.
College of the Pacific, Stockton.
University of Redlands, Redlands.
Mount St. Mary's College, Los Angeles.
Loyola University of Los Angeles, Los Angeles.
College of the Holy Names, Oakland.
College of Notre Dame, Belmont.
LaVerne College, LaVerne.
University of California, Berkeley (six campuses).
California Western University, San Diego.
Westmont College, Santa Barbara.
California State Colleges, Sacramento (11 campuses).
Pasadena College, Pasadena.
University of California, Los Angeles.
Chapman College, Orange.
California College of Arts & Crafts, Oakland.
Stanford University, Stanford.
Los Angeles College of Optometry, Los Angeles.
St. Mary's College of California, St. Mary's College.
San Francisco College for Women, San Francisco.
University of California, Galeta.
University of California, Davis.

COLORADO

Colorado School of Mines, Golden.
University of Colorado, Boulder.
Colorado State University, Fort Collins.
Colorado College, Colorado Springs.
Western State College, Gunnison.
Loretto Heights College, Loretto.
Colorado State College, Greeley.
Regis College, Denver.
Colorado Woman's College, Denver.
Fort Lewis A. & M. College, Durango.
University of Denver, Denver.
Adams State College, Alamosa.
Pueblo Junior College, Pueblo.

CONNECTICUT

University of Bridgeport, Bridgeport.
Yale University, New Haven.
Albertus Magnus College, New Haven.
St. Joseph College, West Hartford.
Connecticut College for Women, New London.
Wesleyan University, Middletown.
Trinity College, Hartford.

DELAWARE

University of Delaware, Newark.
Wesley College, Dover.

DISTRICT OF COLUMBIA

Georgetown University.
The American University.
Trinity College.
The Catholic University of America.
The George Washington University.
Dumbarton College.

FLORIDA

University of Florida, Gainesville.
Florida A. & M. College, Tallahassee.
University of Miami, Miami.
John B. Stetson University, Deland.
Florida Southern College, Lakeland.
Bethune-Cookman College, Daytona Beach.
Florida State University, Tallahassee.
Rollins College, Winter Park.
University of Tampa, Tampa.
University of South Florida, Tampa.

GEORGIA

Emory University, Atlanta.
Mercer University, Macon.
Morris Brown College, Atlanta.
Clark College, Atlanta.
Georgia Military College, Milledgeville.
Wesleyan College, Macon.
University of Georgia, Athens.
Georgia Teachers' College, Statesboro.
Georgia Institute of Technology, Atlanta.
North Georgia College, Dahlonega.
Tift College, Forsyth.
Morehouse College, Morehouse.
Gordon Military College, Barnesville.
Young Harris College, Young Harris.

HAWAII

University of Hawaii, Honolulu.

IDAHO

University of Idaho, Moscow.
The College of Idaho, Caldwell.
Northwest Nazarene College, Nampa.
North Idaho Junior College, Cour d'Alene.
Boise Junior College, Boise.

ILLINOIS

Knox College, Galesburg.
Illinois Institute of Technology, Chicago.
Southern Illinois University, Carbondale.
Illinois College, Jacksonville.
North Central College, Naperville.
Loyola University, Chicago.
North Park College and Theological Seminary, Chicago.
Lake Forest College, Lake Forest.
Lincoln College, Lincoln.
Quincy College and Seminary, Quincy.
Bradley University, Peoria.
University of Illinois, Urbana.
Aurora College, Aurora.
The University of Chicago, Chicago.
Barat College of the Sacred Heart, Lake Forest.
Greenville College, Greenville.
Shimer College, Mount Carroll.
Illinois State Normal University, Normal.
National College of Education, Evanston.
Western Illinois University, Macomb.
Northern Illinois University, De Kalb.
Eastern Illinois University, Charleston.
MacMurray College, Jacksonville.
Milliken University, Decatur.
Augustana College, Rock Island.
St. Xavier College, Chicago.
Monmouth College, Monmouth.
Rosary College, River Forest.
Elmhurst College, Elmhurst.
St. Procopius College, Lisle.
Mundelein College, Chicago.

INDIANA

Butler University, Indianapolis.
Anderson College and Theological Seminary, Anderson.
Indiana University, Bloomington.
St. Joseph's College, Rensselaer.
Franklin College of Indiana, Franklin.
Manchester College, North Manchester.
Earlham College, Richmond.
Taylor University, Upland.
Marion College, Marion.

Purdue University, Lafayette.
Ball State Teachers College, Muncie.
Indiana University (medical), Indianapolis.

The Vincennes University, Vincennes.
Evansville College, Evansville.
Valparaiso University, Valparaiso.
Indiana State Teachers College, Terre Haute.
University of Notre Dame du Lac, Notre Dame.

IOWA

Drake University, Des Moines.
Morningside College, Sioux City.
Iowa Wesleyan College, Mount Pleasant.
Simpson College, Indianola.
Upper Iowa University, Fayette.
Luther College, Decorah.
Waldorf College, Forest City.
Buena Vista College, Storm Lake.
Parsons College, Fairfield.
St. Ambrose College, Davenport.
Grinnell College, Grinnell.
Northwestern College, Orange City.
Coe College, Cedar Rapids.

KANSAS

Municipal University of Wichita, Wichita.
Ottawa University, Ottawa.
Baker University, Baldwin.
Sterling College, Sterling.
Kansas State College, Manhattan.
Kansas State Teachers College, Pittsburg.
University of Kansas, Lawrence.
Kansas Wesleyan University, Salina.
Fort Hays Kansas State College, Hays.
St. Benedict's College, Atchison.
Bethany College, Lindsborg.
Kansas State Teachers College, Emporia.
University of Wichita, Wichita.
The Friends University, Wichita.
The Southwestern College, Winfield.
The College of Emporia, Emporia.
Tabor College, Hillsboro.
Sacred Heart College, Wichita.
McPherson College, McPherson.
Kansas State University of Agriculture and Applied Sciences, Manhattan.

KENTUCKY

University of Kentucky, Lexington.
Murray State College, Murray.
Western Kentucky State College, Bowling Green.
Transylvania University, Lexington.
Georgetown College, Georgetown.
University of Louisville, Louisville.
Eastern Kentucky State College, Richmond.
Bellarmine College, Louisville.
Kentucky State College, Frankfort.
Morehead State College, Morehead.
Union College, Barbourville.
Pikeville College, Pikeville.
Centre College of Kentucky, Danville.
Nazareth College at Louisville, Louisville.

LOUISIANA

Tulane University, New Orleans.
Centenary College of Louisiana, Shreveport.
Northwestern State College, Natchitoches.
McNeese State College, Lake Charles.
Louisiana College, Pineville.
Southeastern Louisiana College, Hammond.
Louisiana Polytechnic Institute, Ruston.
St. Mary's Dominican College, New Orleans.
Dillard University, New Orleans.
Grambling College, Grambling.
Southern University and A. & M. College, Baton Rouge.
Northeast Louisiana State College, Monroe.
Loyola University, New Orleans.

MAINE

Nasson College, Springvale.

MARYLAND

The Johns Hopkins University, Baltimore.
University of Maryland, College Park.
Washington College, Chestertown.
Ner Israel Rabbinical College, Baltimore.

Hood College, Frederick.
College of Notre Dame of Maryland, Baltimore.
Loyola College, Baltimore.
Mount St. Agnes College, Baltimore.

MASSACHUSETTS

Tufts College, Medford.
Brandeis University, Waltham.
Assumption College, Worcester.
Boston University, Boston.
Lesley College, Cambridge.
Bouve-Boston School, Medford.
Stonehill College, North Easton.
Worcester Polytechnic Institute, Worcester.
Clark University, Worcester.
New England Conservatory of Music, Boston.
Springfield College, Springfield.
Wheaton College, Norton.
Tufts College, Medford.
Mount Holyoke College, South Hadley.
Anna Maria College for Women, Paxton.
Merrimack College, North Andover.
Massachusetts Institute of Technology, Cambridge.
Wellesley College, Wellesley.
Dean Academy and Junior College, Franklin.
Wheelock College, Boston.
Eastern Nazarene College, Wollaston.
College of the Holy Cross, Worcester.

MICHIGAN

University of Detroit, Detroit.
Hope College, Holland.
Olivet College, Olivet.
University of Michigan, Ann Arbor.
Michigan State University, East Lansing.
Eastern Michigan University, Ypsilanti.
Marygrove College, Detroit.
Central Michigan College, Mount Pleasant.
Michigan College of Mining and Technology, Houghton.
Western Michigan University, Kalamazoo.
Aquinas College, Grand Rapids.

MINNESOTA

Gustavus Adolphus College, St. Peter.
Concordia College, Moorhead.
Augsburg College and Theological Seminary, Minneapolis.
Bethel College and Seminary, St. Paul.
St. Olaf College, Northfield.
Macalester College, St. Paul.
Hamline University, St. Paul.
University of Minnesota, St. Paul.
University of Minnesota, Minneapolis.
University of Minnesota, Duluth.
St. Mary's College, Winona.
Carleton College, Northfield.
St. John's University, Collegeville.
College of St. Thomas, St. Paul.
College of St. Catherine, St. Paul.

MISSISSIPPI

University of Mississippi, University.
Mississippi State University, State College.
Mississippi Southern College, Hattiesburg.
Millsaps College, Jackson.
Mississippi State College for Women, Columbus.
Delta State College, Cleveland.
Mississippi College, Clinton.
Alcorn A. & M. College, Lorman.
Jackson State College, Jackson.
William Carey College, Hattiesburg.

MISSOURI

University of Kansas City, Kansas City.
St. Louis University, St. Louis.
Central Missouri State College, Warrensburg.
Drury College, Springfield.
Rockhurst University, Kansas City.
University of Missouri, Columbia.
School of Mines and Metallurgy (University of Missouri), Rolla.
Park College, Parkville.
William Jewell College, Liberty.
Westminster College, Fulton.

Northwest Missouri State College, Maryville.
Webster College, Webster Groves.
William Woods College, Fulton.
Southwest Missouri State College, Springfield.
Tarkio College, Tarkio.
Northeast Missouri State Teachers College, Kirksville.
Southeast Missouri State College, Cape Girardeau.
Wentworth Military Academy, Lexington.
Washington University, St. Louis.
Cotter Junior College, Nevada.
Stephens College, Columbia.
Christian College, Columbia.
Parks College (St. Louis University), East St. Louis, Ill.
Kirksville College of Osteopathy and Surgery, Kirksville.
Maryville College of the Sacred Heart, St. Louis.
Culver-Stockton College, Canton.

MONTANA

Montana State University, Missoula.
Northern Montana College, Havre.
Eastern Montana College of Education, Billings.
Western Montana College of Education, Dillon.
Montana State College, Bozeman.
Montana School of Mines, Butte.
Northern Montana College, Havre.
Carroll College, Helena.
Rocky Mountain College, Billings.

NEBRASKA

Nebraska Wesleyan University, Lincoln.
The Creighton University, Omaha.
Nebraska Wesleyan University, Lincoln.
McCook College, McCook.
Hastings College, Hastings.
Dana College, Blair.
Midland College, Fremont.

NEVADA

University of Nevada, Reno.

NEW HAMPSHIRE

Dartmouth College, Hanover.
Rivier College, Nashua.
St. Anselm's College, Manchester.
New England College, Henniker.

NEW JERSEY

Fairleigh Dickinson University, Rutherford.
Westminster Choir College, Princeton.
Upsala College, East Orange.
Institute for Advanced Study, Princeton.
Rutgers University, New Brunswick.
Drew University, Madison.
Rider College, Trenton.
Bloomfield College and Seminary, Bloomfield.
Georgian Court College, Lakewood.
Stevens Institute of Technology, Hoboken.

NEW MEXICO

New Mexico School of Mines, Socorro.
New Mexico Highlands University, Las Vegas.
New Mexico State University, University Park.
New Mexico Western College, Silver City.
University of New Mexico, Albuquerque.
College of St. Joseph on the Rio Grande, Albuquerque.

NEW YORK

Rensselaer Polytechnic Institute, Troy.
Syracuse University, Syracuse.
St. Lawrence University, Canton.
Clarkson College of Technology, Potsdam.
St. Bonaventure University, St. Bonaventure.
Alfred University, Alfred.
New York University, New York.
Briarcliff Junior College, Briarcliff Manor.
Cazenovia Junior College, Cazenovia.
Yeshiva University, New York.

New York University-Bellevue, New York.
Manhattan College, New York.
Iona College, New Rochelle.
Russell Sage College, Troy.
Adelphi College, Garden City.
Wagner Lutheran College, Staten Island.
Colgate University, Hamilton.
Fordham University, New York.
University of Rochester, Rochester.
Elmira College, Elmira.
Hamilton College, Clinton.
Hartwick College, Oneonta.
Keuka College, Keuka Park.
Bard College, Annandale-on-Hudson.
Skidmore College, Saratoga Springs.
Vassar College, Poughkeepsie.
Houghton College, Houghton.
Columbia University, New York.
St. Bernardine of Siena College, Loudonville.
University of Buffalo, Buffalo.
Manhattan College, New York.
College of New Rochelle, New Rochelle.
Nazareth College of Rochester, Rochester.
Manhattanville College of the Sacred Heart, Purchase.
Rochester Institute of Technology, Rochester.

D'Youville College, Buffalo.
The College of Saint Rose, Albany.
Hobart College, Geneva.
Long Island University, Brooklyn.
Union College, Schenectady.
New York State Dormitory Authority, Albany (32 campuses).
C. W. Post College, Brookville.
Sarah Lawrence College, Bronxville.
Barnard College, New York.
Brooklyn College Student Services Corp., Brooklyn.
Utica College (Syracuse University), Utica.
Rosary Hill College, Buffalo.
College of Mount St. Vincent, New York.
Ithaca College, Ithaca.
Fashion Institute of Technology Dormitory Authority, New York.
Briarcliff College, Briarcliff Manor.
Marist College, Poughkeepsie.
William Smith College, Geneva.

NORTH CAROLINA

Elon College, Elon College.
Campbell College, Buies Creek.
St. Mary's Junior College, Raleigh.
East Carolina College, Greenville.
North Carolina State College of A. & E., Raleigh.
University of North Carolina, Chapel Hill.
Wingate Junior College, Wingate.
Western Carolina College, Cullowhee.
Pfeiffer College, Misenheimer.
Appalachian State Teachers College, Boone.
Lenoir Rhyne College, Hickory.
Louisburg College, Louisburg.
The Woman's College of the University of North Carolina, Greensboro.
Atlantic Christian College, Wilson.
Queens College, Charlotte.
Agricultural and Technical College of North Carolina, Greensboro.
North Carolina College at Durham, Durham.
Livingstone College, Salisbury.
Bennett College, Greensboro.
Chowan College, Murfreesboro.
St. Andrews Presbyterian College, Laurinburg.
Belmont Abbey College, Belmont.

NORTH DAKOTA

Jamestown College, Jamestown.
Mayville State Teachers College, Mayville.
State Teachers College, Dickinson.
University of North Dakota, Grand Forks.
State Teachers College, Minot.
North Dakota State University of Agriculture and Applied Science, Fargo.

OHIO

University of Dayton, Dayton.

Antioch College, Yellow Springs.
Xavier University, Cincinnati.
Ohio Wesleyan University, Delaware.
Findlay College, Findlay.
Baldwin Wallace College, Berea.
Heidelberg College, Tiffin.
Ashland College, Ashland.
John Carroll College, Cleveland.
Oberlin College, Oberlin.
Muskingum College, New Concord.
Case Institute of Technology, Cleveland.
Wittenberg University, Springfield.
Miami University, Oxford.
Marietta College, Marietta.
University of Akron, Akron.
Hiram College, Hiram.
Central State College, Wilberforce.
The Ohio State University, Columbus.
College of Mount St. Joseph, Mount St. Joseph.

The Defiance College, Defiance.
University of Toledo, Toledo.
Ohio Northern University, Ada.
University of Cincinnati, Cincinnati.
Lake Erie College, Painesville.
Ohio University, Athens.
Kent State University, Kent.
Denison University, Granville.
Bowling Green State University, Bowling Green.

Mount Union College, Alliance.
Western Reserve University, Cleveland.
The College of Wooster, Wooster.
The College of Steubenville, Steubenville.
Otterbein College, Westerville.

OKLAHOMA

Oklahoma Baptist University, Shawnee.
Oklahoma State University, Stillwater.
Oklahoma City University, Oklahoma City.
University of Oklahoma, Norman.
Phillips University, Enid.
Southwestern State College, Weatherford.
Oklahoma Christian College, Oklahoma City.
Northeastern Oklahoma A. & M. College, Miami.
Northeastern State College, Tahlequah.
Bethany Nazarene College, Bethany.
Central State College, Edmond.
Eastern Oklahoma A. & M. College, Wilburton.
Cameron State Agricultural College, Lawton.

OREGON

Lewis and Clark College, Portland.
Reed College, Portland.
University of Portland, Portland.
Linfield College, McMinnville.
Pacific University, Forest Grove.
Eastern Oregon College, La Grande.
Southern Oregon College of Education, Ashland.
Mount Angel College, Mount Angel.
Willamette University, Salem.
George Fox College, Newberg.

PENNSYLVANIA

LaSalle College, Philadelphia.
Philadelphia Textile Institute, Philadelphia.
Villanova College, Villanova.
Duquesne University, Pittsburgh.
Allegheny College, Meadville.
Juanita College, Huntingdon.
Elizabethtown College, Elizabethtown.
Moore Institute of Applied Science and Industry, Philadelphia.
St. Francis College, Loretto.
Beaver College, Jenkintown.
Dickinson College, Carlisle.
Temple University, Philadelphia.
Lincoln University, Lincoln University.
Thiel College, Greenville.
Franklin and Marshall College, Lancaster.
Lebanon Valley College, Annville.
Westminster College, New Wilmington.
Wilson College, Chambersburg.
Lycoming College, Williamsport.
University of Pennsylvania, Philadelphia.
Waynesburg College, Waynesburg.

Gettysburg College, Gettysburg.
Gannon College, Erie.
Seton Hill College, Greensburg.
Pennsylvania Military College, Chester.
Carnegie Institute of Technology, Pittsburgh.
University of Scranton, Scranton.
Eastern Baptist College, St. Davids.
St. Joseph's College, Philadelphia.
Mercyhurst College, Erie.
Delaware Valley College of Science and Agriculture, Doylestown.
Moravian College, Bethlehem.
Drexel Institute of Technology, Philadelphia.
Chatham College, Pittsburgh.
Pennsylvania State University, University Park.
Muhlenberg College, Allentown.
Susquehanna University, Selinsgrove.
Geneva College, Beaver Falls.
Mount Mercy College, Pittsburgh.
Villa Maria College, Erie.

PUERTO RICO

Catholic University of Puerto Rico, Ponce.
Inter-American University, San German.
University of Puerto Rico, Rio Piedras.

RHODE ISLAND

University of Rhode Island, Kingston.
Rhode Island School of Design, Providence.
Bryant University, Providence.
Brown University, Providence.
Rhode Island College of Education, Providence.

SOUTH CAROLINA

Medical College of South Carolina, Charleston.
Allen University, Columbia.
Wofford College, Spartanburg.
Columbia College, Columbia.
Newberry College, Newberry.
Furman University, Greenville.
Converse College, Spartanburg.
Presbyterian College, Clinton.
Erskine College, Due West.
Lander College, Greenwood.
Benedict College, Columbia.
College of Charleston, Charleston.
Claflin College, Orangeburg.

SOUTH DAKOTA

Augustana College, Sioux Falls.
Dakota Wesleyan University, Mitchell.
Southern State Teachers College, Springfield.
South Dakota School of Mines and Technology, Rapid City.
Black Hills Teachers College, Spearfish.
South Dakota State College of A. & M.A., Brookings.
University of South Dakota, Vermillion.
Northern State Teachers College, Aberdeen.
General Beadle State Teachers College, Madison.
Sioux Falls College, Sioux Falls.
Huron College, Huron.

TENNESSEE

Memphis State College, Memphis.
The Vanderbilt University, Nashville.
Tennessee A. & I. State University, Nashville.
University of Tennessee, Martin.
The Tennessee Wesleyan College, Athens.
Carson-Newman College, Jefferson City.
East Tennessee State College, Johnson City.
Tennessee Polytechnic Institute, Cookeville.
Christian Brothers College, Memphis.
The Fisk University, Nashville.
George Peabody College for Teachers, Nashville.
Maryville College, Maryville.
Knoxville College, Knoxville.
Middle Tennessee State College, Murfreesboro.
Lambuth College, Jackson.
Siena College, Memphis.
University of Tennessee, Knoxville.

Bethel College, McKenzie.
Southwestern at Memphis, Memphis.

TEXAS

St. Mary's University, San Antonio.
Baylor University, Waco.
Howard Payne College, Brownwood.
Trinity University, San Antonio.
Hardin-Simmons University, Abilene.
Lamar State College of Technology, Beaumont.
Huston-Tillotson College, Austin.
University of Texas, Austin.
Abilene Christian College, Abilene.
McMurray College, Abilene.
Sam Houston State Teachers College, Huntsville.
Southern Methodist University, Dallas.
North Texas State College, Denton.
West Texas State College, Canyon.
Texas Wesleyan College, Fort Worth.
Texas Christian University, Fort Worth.
Austin College, Sherman.
Texas Technological College, Lubbock.
Texas Western College, El Paso.
Texarkana College, Texarkana.
University of Corpus Christi, Corpus Christi.
St. Edward's University, Austin.
Texas Women's University, Denton.
University of St. Thomas, Houston.
Wharton County Junior College, Wharton.
Tyler Junior College, Tyler.
Tarleton State College, Stephenville.
Our Lady of the Lake College, San Antonio.
Southwest Texas State College, San Marcos.
Agricultural and Mechanical College of Texas, College Station.
Incarnate Word College, San Antonio.
San Angelo College, San Angelo.
Texas College of Arts and Industries, Kingsville.
Texas College, Tyler.
Pan American College, Edinburg.
Howard County Junior College, Big Spring.
Sacred Heart Dominican College, Houston.
Trinity University, San Antonio.
University of Dallas, Dallas.
East Texas State College, Commerce.
Stephen F. Austin State College, Nacogdoches.
South Plains College, Levelland.
Blinn College, Brenham.
Del Mar College, Corpus Christi.
St. Edward's University, Austin.
Sul Ross State College, Alpine.
Wiley College, Marshall.
Bishop College, Dallas.
Texas Southern University, Houston.
Jarvis Christian College, Hawkins.
UTAH
University of Utah, Salt Lake City.
College of Southern Utah, Cedar City.
Carbon College, Price.
Snow College, Ephraim.
Utah State University of Agriculture and Applied Sciences, Logan.
Dixie College, St. George.
Westminster College, Salt Lake City.
Weber College, Ogden.
VERMONT
Norwich University, Northfield.
Vermont Junior College, Montpelier.
Middlebury College, Middlebury.
Trinity College, Burlington.
St. Michael's College, Winooski.
University of Vermont, Burlington.
Windham College, Putney.
The Vermont College, Montpelier.
VIRGINIA
Hampton Institute, Hampton.
Medical College of Virginia, Richmond.
Emory and Henry College, Emory.
Clinch Valley College, Wise.
Roanoke College, Salem.
Bridgewater College, Bridgewater.
Virginia Union University, Richmond.
Mary Baldwin College, Staunton.

House of Representatives

THURSDAY, JUNE 1, 1961

The House met at 12 o'clock noon and was called to order by the Speaker pro tempore, Mr. McCORMACK.

The SPEAKER pro tempore. The Clerk will read the following communication.

The Clerk read as follows:

JUNE 1, 1961.

I hereby designate the Honorable JOHN W. McCORMACK to act as Speaker pro tempore today.

SAM RAYBURN,

Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

James 2: 17: *Faith without works is dead.*

Almighty God, our Father, in these days of crises and chaos may we manifest the spirit of God-fearing men and women who are sensitive and alert to the various challenges which modern life is continually bringing to us.

We penitently acknowledge that we are often far too self-righteously complacent when there is so much that we ought to do and can do that will prove to be of concrete and constructive value in the building of a nobler civilization.

Bless our President with Thy needed wisdom and guidance and inspire all our citizens to do something more than merely take a so-called intelligent interest in national and international affairs by reading the magazines and daily newspapers and listening to newscasters and commentators.

Grant that we may have an effective participating and contributing role in finding the right solution to the many problems in the sphere and area of human relationships.

Give us the will and the grace to live as brothers in the midst of bitter racial rancor and show forth great integrity of character when there are dangers of moral breakdown in the social order.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of Monday, May 29, 1961, was read and approved.

AGRICULTURE APPROPRIATION BILL, 1962

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that the Appropriations Committee may have until midnight Friday to file the bill and report on the Department of Agriculture and related agencies appropriation bill for the fiscal year 1962.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. MICHEL. Mr. Speaker, I reserve all points of order on the appropriation bill.

INDEPENDENT OFFICES APPROPRIATION BILL, 1962

Mr. THOMAS. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight Friday to file a report on the independent offices appropriation bill, 1962.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. OSTERTAG. Mr. Speaker, I reserve all points of order on the bill.

THE LATE HONORABLE WILLIAM A. ROWAN

(Mr. O'HARA of Illinois asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. O'HARA of Illinois. Mr. Speaker, it is my sorrowful duty to announce to the House the death of the Honorable William A. Rowan, who so ably represented the Second District of Illinois in the 78th and 79th Congresses. The news of his passing yesterday morning came as a shock to the Illinois delegation. It will occasion deep grief among his former colleagues in the House, by whom he was held in deep respect and warm affection. The remains are lying at the Brown Funeral Home, 2939 East 95th Street, Chicago, and will be laid to rest with a mass Saturday morning at St. Patrick's Church in Chicago.

Bill Rowan was a man of heart and of dedication to the welfare of people. His was the stature of real statesmanship. In every activity in which his high abilities were engaged he made an enviable record. His two terms in the House were marked by outstanding accomplishment. I never have known anyone to speak of Bill Rowan except in words of admiration and affection. In Chicago and especially in the Second District, which he served with fidelity and devotion to its interest, as well as that of the Nation, he long will be remembered as a pattern of a model public servant. His example long will be an inspiration to the oncoming generations.

The Honorable William A. Rowan was born in Chicago on November 24, 1882. He was graduated from St. Patrick's Grade School and St. Patrick's High

School and later attended the University of Chicago.

After graduation he was employed in a steel plant and the associations of those early years made a lasting impression on him. His interest in the steel workers and in the cause of labor remained with him throughout his brilliant career. He became associated with a daily community newspaper, the Daily Calumet, a newspaper of prestige and wide circulation, and became its city editor and later its editor. He was regarded as a newsmen of the top bracket.

In 1927 he was elected alderman from the 10th ward and served in the City Council of Chicago for 15 years and until his election to Congress in November of 1942. He was ward committeeman of the 10th ward, a stout and loyal Democrat who believed with all the faith in him in the Democratic Party as the instrumentality for advancing the welfare of all the people.

He was defeated for re-election to the 80th Congress, sharing the fate of so many of his Democratic colleagues in the upset election of 1946. President Truman appointed him U.S. Comptroller of Customs at Chicago on January 21, 1947, and he served in that position during the Truman administration with the great distinction that marked all his public life.

His passing is a loss to Chicago, to Illinois, and to the Nation. To his son, who has the rich heritage of noble parents, and who bears his father's name, and to the other members of his family, I extend my deepest sympathy.

GENERAL LEAVE TO EXTEND REMARKS

Mr. Speaker, I ask unanimous consent that the dean of the Illinois delegation, the Honorable THOMAS J. O'BRIEN, and my colleague from Illinois, Hon. WILLIAM T. MURPHY, who served with Bill Rowan in the City Council of Chicago, and other colleagues, may have 5 legislative days in which to extend their remarks in the RECORD on the late William Rowan.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. O'BRIEN of Illinois. Mr. Speaker, I was deeply grieved when I learned of the passing of a dear friend for many years, the Honorable William A. Rowan, who served with outstanding ability and dedication in the 78th and 79th Congresses. Bill Rowan was every inch a man. As Democratic ward committeeman in the 10th ward of Chicago and as alderman in the city council as well as during his two terms in this body and his later service as U.S. Comptroller of

Ferrum Junior College, Ferrum.
Shenandoah College, Winchester.

WASHINGTON

University of Washington, Seattle.
College of Puget Sound, Tacoma.
Seattle University, Seattle.
Whitworth College, Spokane.
Gonzaga University, Spokane.
Seattle Pacific College, Seattle.
Pacific Lutheran College, Tacoma.
St. Martin's College, Olympia.
Washington State University, Pullman.
Western Washington College of Education, Bellingham.
Central Washington College of Education, Ellensburg.

WEST VIRGINIA

Davis and Elkins College, Elkins.
Morris Harvey College, Charleston.
Bethany College, Bethany.
Potomac State College, Keyser.
Concord College, Athens.
West Virginia Wesleyan College, Buckhannon.
Alderson Broaddus College, Phillippi.
Wheeling College, Wheeling.
Fairmont State College, Fairmont.
West Liberty State College, West Liberty.
West Virginia University, Morgantown.
Shepherd College, Shepherdstown.
Marshall College, Huntington.
Glenville State College, Glenville.
West Virginia Institute of Technology, Montgomery.
Salem College, Salem.

WISCONSIN

Marquette University, Milwaukee.
St. Norbert College, West De Pere.
Carroll College, Waukesha.
Viterbo College, La Crosse.
University of Wisconsin, Madison.
Wisconsin State Colleges Building Corp., Madison (9 campuses).
Beloit College, Beloit.
Ripon College, Ripon.
Wisconsin State Colleges Building Corp., Madison (5 campuses).
Milton College, Milton.
Lawrence College, Appleton.

Mr. SPARKMAN. Mr. President, this program is now approximately 11 years old. Considering all the money which has been loaned under the program, totaling \$1,675 million, at no time has there been a single dime of deficiency. It is a low-interest-rate program; yet the rate is compensatory to the Government. The rate is determined by a formula which provides for the cost of the money, which the Government borrows plus one-fourth of 1 percent in order to take care of the administrative expense. Therefore, I say the rate is compensatory.

I call attention to this one program, not to single it out particularly, but simply because I happened to read in the newspaper today the article with regard to college housing. I could take up each program, one by one, and, I believe, show the enthusiastic support with which each has been received throughout the country. I could also report the tremendous good which has been accomplished by having these programs in effect.

The bill provides for some new programs; but by and large the bill is a continuation of existing programs.

I hope the Senate will act favorably upon the bill and will be prepared to go to conference with the House, after the House has passed its bill, in the hope of enacting an effective program for home building during the next 12 months.

ADJOURNMENT TO 10 O'CLOCK A.M. TOMORROW

Mr. SPARKMAN. Mr. President, under the order previously entered, I move that the Senate adjourn until 10 o'clock tomorrow morning.

The motion was agreed to; and (at 4 o'clock and 57 minutes p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Friday, June 2, 1961, at 10 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate June 1, 1961.

INTERNATIONAL ATOMIC ENERGY AGENCY

Henry DeWolf Smyth, of New Jersey, to be the representative of the United States of America to the International Atomic Energy Agency, vice Paul F. Foster.

William I. Cargo, of Maryland, a Foreign Service Officer of class 1, to be the deputy representative of the United States of America to the International Atomic Energy Agency.

DIPLOMATIC AND FOREIGN SERVICE

Anthony B. Akers, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to New Zealand.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Erle Cocke, Jr., of Georgia, to be U.S. Alternate Executive Director of the International Bank for Reconstruction and Development.

BUREAU OF CUSTOMS

Joseph P. Kelly, of New York to be Collector of Customs for Customs Collection District No. 10, with headquarters in New York, N.Y.

U.S. ATTORNEY

Donald E. O'Brien, of Iowa, to be U.S. attorney for the northern district of Iowa for the term of 4 years, vice Francis E. Van Alstine, term expired.

Richard P. Stein, of Indiana to be U.S. attorney for the southern district of Indiana for the term of 4 years, vice Don A. Tabbert.

Charles L. Goodson, of Georgia, to be U.S. attorney for the northern district of Georgia for the term of 4 years, vice Charles D. Read, Jr., resigned.

Donald H. Fraser, of Georgia, to be U.S. attorney for the southern district of Georgia for the term of 4 years, vice William C. Calhoun, resigned.

Warren C. Colver, of Alaska, to be U.S. attorney for the district of Alaska for the term of 4 years, vice George M. Yeager, resigned.

Sidney I. Lezak, of Oregon, to be U.S. attorney for the district of Oregon for the term of 4 years, vice Clarence E. Luckey.

Joseph S. Lord III, of Pennsylvania, to be U.S. attorney for the eastern district of Pennsylvania for the term of 4 years, vice Walter E. Alessandrini.

Herman T. F. Lum, of Hawaii, to be U.S. attorney for the district of Hawaii for the term of 4 years, vice Louis B. Blissard.

Sylvan A. Jeppesen, of Idaho, to be U.S. attorney for the district of Idaho for the term of 4 years, vice Kenneth G. Bergquist.

Edward R. Phelps, of Illinois, to be U.S. attorney for the southern district of Illinois for the term of 4 years, vice Harlington Wood, Jr.

Kenneth Harwell, of Tennessee, to be U.S. attorney for the middle district of Tennessee for the term of 4 years, vice Fred Elledge, Jr.

Claude Vernon Spratley, Jr., of Virginia, to be U.S. attorney for the eastern district of Virginia for the term of 4 years, vice Joseph S. Bambacus.

U.S. MARSHALS

Harry C. George, of Illinois, to be U.S. marshal for the eastern district of Illinois for the term of 4 years, vice Vernon Woods.

Charles N. Bordwine, of Virginia, to be U.S. marshal for the western district of Virginia for the term of 4 years, vice Peter A. Richmond.

Frank W. Cotner, of Pennsylvania, to be U.S. marshal for the middle district of Pennsylvania for the term of 4 years, vice Oliver H. Metcalf, deceased.

Floyd Stevens, of Michigan, to be U.S. marshal for the western district of Michigan for the term of 4 years, vice Harry Jennings.

87TH CONGRESS
1ST SESSION

[Report No. 447]

MARCH 29, 1961

JUNE 1, 1961

[Strike out all after the enacting clause and insert the part printed in italic]

7 SEC. 101. (a) The National Housing Act is amended
8 by inserting the following heading preceding section 221:

1 “HOUSING FOR MODERATE INCOME AND DISPLACED
2 FAMILIES”.

3 ~~(b)~~ Section 221 of such Act is amended by—

4 ~~(1)~~ amending subsection ~~(a)~~ to read as follows:

5 “~~(a)~~ This section is designed to assist private indus-
6 try in providing housing for low and moderate income fami-
7 lies and families displaced from urban renewal areas or as a
8 result of governmental action.”;

9 ~~(2)~~ striking out in subsection ~~(b)~~ “any mortgage”
10 and inserting in lieu thereof “any mortgage ~~(including~~
11 advances during construction on mortgages covering
12 property of the character described in paragraph ~~(3)~~
13 and ~~(4)~~ of subsection ~~(d)~~ of this section)”;

14 ~~(3)~~ amending clause ~~(A)~~ in subsection ~~(d)~~ ~~(2)~~
15 to read as follows: “~~(A)~~ not to exceed ~~(i)~~ \$9,000 in
16 the case of a property upon which there is located a
17 dwelling designed principally for a single-family resi-
18 dence; ~~(ii)~~ \$18,000 in the case of a property upon
19 which there is located a dwelling designed principally
20 for a two-family residence; ~~(iii)~~ \$27,000 in the case of
21 a property upon which there is located a dwelling de-
22 signed principally for a three-family residence; ~~(iv)~~
23 \$33,000 in the case of a property upon which there is
24 located a dwelling designed principally for a four-family
25 residence: *Provided*, That the Commissioner may in-

crease the foregoing amounts to not to exceed \$15,000,
\$25,000, \$32,000, and \$38,000, respectively, in any
geographical area where he finds that cost levels so
require;”;

(4) striking out the third proviso in subsection
(d) (2) and the colon preceding the proviso;

(5) amending subsection (d) (3) to read as
follows:

“(3) if executed by a mortgagor which is a public
body or agency, a cooperative (including an investor-sponsor who meets such requirements as the Commissioner may impose to assure that the consumer-interest is protected), or a limited dividend corporation (as defined by the Commissioner), or a private non-profit corporation or association regulated or supervised under Federal or State laws or by political subdivisions of States, or agencies thereof, or by the Commissioner under a regulatory agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such manner as in the opinion of the Commissioner will effectuate the purposes of this section, the mortgage may involve a principal obligation in an amount—

“(i) not to exceed \$12,500,000;

“(ii) not to exceed for such part of such property or project as may be attributable to dwelling

1 use (excluding exterior land improvements as de-
2 fined by the Commissioner); \$2,250 per room (or
3 \$8,500 per family unit if the number of rooms in
4 such property or project is less than four per fam-
5 ily unit); except that the Commissioner may in his
6 discretion increase the dollar amount limitation of
7 \$2,250 per room to not to exceed \$2,750 per room;
8 and the dollar amount limitation of \$8,500 per fam-
9 ily unit to not to exceed \$9,000 per family unit, as
10 the case may be, to compensate for higher costs in-
11 cident to the construction of elevator type structures
12 of sound standards of construction and design, and
13 except that the Commissioner may increase any
14 of the foregoing dollar amount limitations contained
15 in this paragraph by not to exceed \$1,000 per room
16 without regard to the number of rooms being less
17 than four, or four or more, in any geographical area
18 where he finds that cost levels so require; and

19 “(iii) not to exceed (1) in the case of new con-
20 struction, the amount which the Commissioner esti-
21 mates will be the replacement cost of the property
22 or project when the proposed improvements are
23 completed (the replacement cost may include the
24 land, the proposed physical improvements, utilities

1 within the boundaries of the land architect's fees,
2 taxes, interest during construction, and other mis-
3 cellaneous charges incident to construction and ap-
4 proved by the Commissioner), or ~~(2)~~ in the case
5 of repair and rehabilitation the sum of the estimated
6 cost of repair and rehabilitation and the Commis-
7 sioner's estimate of the value of the property before
8 repair and rehabilitation: *Provided*, That such prop-
9 erty or project, when constructed, or repaired and
10 rehabilitated, shall be for use as a rental or coopera-
11 tive project, and low and moderate income families
12 or families displaced by urban renewal or other
13 governmental action shall be eligible for occupancy
14 in accordance with such regulations and procedures
15 as may be prescribed by the Commissioner and that
16 the Commissioner may adopt such requirements as
17 he determines to be desirable regarding consultation
18 with local public officials where such consultation
19 is appropriate by reason of the relationship of such
20 project to projects under other local programs; or";
21 ~~(6)~~ striking out in subsection ~~(d)~~ ~~(4)~~ "which is not
22 a nonprofit organization" and inserting in lieu thereof
23 "other than a mortgagor referred to in subsection ~~(d)~~
24 ~~(3)~~";

1 ~~(7)~~ amending subsection ~~(d) (4) (ii)~~ to read as
2 follows:

3 “(ii) not exceed, for such part of the property or
4 project as may be attributable to dwelling use ~~(exclud-~~
5 ~~ing exterior land improvements as defined by the Com-~~
6 ~~missioner)~~, \$2,250 per room ~~(or \$8,500 per family~~
7 ~~unit if the number of rooms in such property or~~
8 ~~project is less than four per family unit)~~ except that
9 the Commissioner may in his discretion increase the
10 dollar amount limitation of \$2,250 per room to not to
11 exceed \$2,750 per room; and the dollar amount limita-
12 tion of \$8,500 per family unit to not to exceed \$9,000
13 per family unit, as the case may be, to compensate for
14 higher costs incident to the construction of elevator type
15 structures of sound standards of construction and design,
16 and except that the Commissioner may increase any of
17 the foregoing dollar amount limitations contained in this
18 paragraph by not to exceed \$1,000 per room without
19 regard to the number of rooms being less than four, or
20 four or more, in any geographical area where he finds
21 that cost levels so require;”;

22 ~~(8)~~ striking out in subsection ~~(d) (4) (iv)~~ the lan-
23 guage preceding the second proviso, and “: And pro-
24 vided further,” and inserting in lieu thereof the follow-
25 ing: “not exceed 90 per centum of the sum of the esti-

1 mated cost of repair and rehabilitation and the Commis-
 2 sioner's estimate of the value of the property before
 3 repair and rehabilitation if the proceeds of the mortgage
 4 are to be used for the repair and rehabilitation of a prop-
 5 erty or project: *Provided,*”;

6 ~~(9)~~ striking out in subsection ~~(d)(5)~~ “but not to
 7 exceed forty years from the date of insurance of the
 8 mortgage” and inserting in lieu thereof “but as to mort-
 9 gages coming within the provisions of subsection ~~(d)~~
 10 ~~(2)~~ not to exceed forty years from the date of begin-
 11 ning of amortization of the mortgage”;

12 ~~(10)~~ inserting a colon and the following proviso
 13 before the period at the end of subsection ~~(d)~~: “*Pro-*
 14 *vided,* That a mortgage insured under the provisions of
 15 subsection ~~(d)(3)~~ shall bear interest (exclusive of any
 16 premium charges for insurance and service charge, if
 17 any) at not less than the annual rate of interest deter-
 18 mined, from time to time by the Secretary of the Treas-
 19 ury at the request of the Federal Housing Commissioner,
 20 by estimating the average market yield to maturity on all
 21 outstanding marketable obligations of the United States,
 22 and by adjusting such yield to the nearest one-eighth of
 23 1 per centum”.

24 ~~(11)~~ inserting the following at the end of subsec-
 25 tion ~~(f)~~: “A property or project covered by a mortgage

1 insured under the provisions of subsection ~~(d)(3)~~ or
2 ~~(d)(4)~~ shall include five or more family units. The
3 Commissioner is authorized to adopt such procedures and
4 requirements as he determines are desirable to assure
5 that the dwelling accommodations provided under this
6 section are available to families displaced from urban
7 renewal areas or as a result of governmental action.
8 Notwithstanding any provision of this Act, the Commis-
9 sioner, in order to assist further the provision of housing
10 for low and moderate income families, in his discretion
11 and under such conditions as he may prescribe, may in-
12 sure a mortgage which meets the requirements of sub-
13 section ~~(d)(3)~~ of this section as in effect after the effec-
14 tive date of the Housing Act of 1961, with no premium
15 charge, a reduced premium charge, or with a premium
16 charge for such period or periods during the time the in-
17 surance is in effect as the Commissioner may determine,
18 and there is hereby authorized to be appropriated, out
19 of any money in the Treasury not otherwise appropri-
20 ated, such amounts as may be necessary to reimburse
21 the Section 221 Housing Insurance Fund for any net
22 losses in connection with such insurance. No mortgage
23 shall be insured under subsections ~~(d)(2)~~ and ~~(d)(4)~~
24 of this section after July 1, 1963, except pursuant to a
25 commitment to insure before that date, or except a

1 mortgage covering property which the Commissioner
2 finds will assist in the provision of housing for families
3 displaced from urban renewal areas or as a result of
4 governmental action.”;

5 ~~(12)~~ inserting the following paragraph after para-
6 graph ~~(2)~~ in subsection ~~(g)~~:

7 “~~(3)~~ as to mortgages meeting the requirements of
8 this section that are insured or initially endorsed for in-
9 surance on or after March 29, 1961, notwithstanding the
10 provisions of paragraphs ~~(1)~~ and ~~(2)~~ of this subsection,
11 the Commissioner, in his discretion, may in accordance
12 with such regulations as he may prescribe, acquire a
13 mortgage loan that is in default and the security there-
14 for upon payment to the mortgagee in cash or in de-
15 bentures of a total amount equal to the unpaid principal
16 balance of the loan plus any accrued interest and any
17 advances approved by the Commissioner and made
18 previously by the mortgagee under the provisions of the
19 mortgage, and after the acquisition of the mortgage by
20 the Commissioner the mortgagee shall have no further
21 rights, liabilities, or obligations with respect to the loan
22 or the security for the loan. The provisions of sections
23 204 and 207 relating to the issuance of debentures shall
24 apply with respect to debentures issued under this sub-
25 section, and the provisions of sections 204 and 207 re-

1 relating to the rights, liabilities, and obligations of a mort-
 2 gagee shall apply with respect to the Commissioner
 3 when he has acquired an insured mortgage under this
 4 subsection, in accordance with and subject to regulations
 5 ~~(modifying such provisions to the extent necessary to~~
 6 render their application for such purposes appropriate
 7 and effective) which shall be prescribed by the Com-
 8 missioner, except that as applied to mortgages insured
 9 under this section ~~(1)~~ all references in section 204 to
 10 the 'Fund' or 'Mutual Mortgage Insurance Fund' shall
 11 refer to the 'Section 221 Housing Insurance Fund',
 12 ~~(2)~~ all references to 'section 203' shall refer to this sec-
 13 tion, and ~~(3)~~ all references in section 207 to the 'Hous-
 14 ing Insurance Fund', 'Fund', or 'Housing Fund' shall
 15 refer to the 'Section 221 Housing Insurance Fund.';

16 ~~(13)~~ striking out in paragraph ~~(3)~~ of subsection
 17 ~~(g)~~ "this paragraph ~~(3)~~" each place it appears and in-
 18 serting in lieu thereof "this paragraph" and renumber-
 19 ing paragraph ~~(3)~~ to be paragraph ~~(4)~~; and

20 ~~(14)~~ striking out in the last sentence of subsection
 21 ~~(h)~~ "cash adjustments," and inserting in lieu thereof
 22 "cash adjustments, cash payments,".

23 AMENDMENTS OF HOUSING ACT OF 1949

24 SEC. 102. Section 101(c) of the Housing Act of 1949
 25 is amended by—

~~(1)~~ striking out “under section 220 or 221” and inserting in lieu thereof “under section 220 or section 221 (d) (3)”;

~~(2)~~ striking out “of section 220 (d), or under section 221 of the National Housing Act, as amended, if the mortgaged property is in an area described in clause ~~(3)~~ of section 221 (a) of said Act, or in a community referred to in clause ~~(2) (B)~~ of said section” and inserting in lieu thereof “of section 220 (d) of the National Housing Act”; and

~~(3)~~ striking out clause ~~(iii)~~ and renumbering clause “(iv)” to be clause “(iii)”.

TITLE II—HOME IMPROVEMENT AND REHABILITATION

HOME IMPROVEMENT AND REHABILITATION IN URBAN RENEWAL AREAS

SEC. 201. Section 220 of the National Housing Act is amended by—

~~(a)~~ striking out the provisos in subsections ~~(d) (3) (A) (i)~~ and ~~(d) (3) (B) (ii)~~ and inserting in lieu thereof in each subsection the following: “*Provided*, That in the case of properties other than new construction, the foregoing limitations upon the amount of the mortgage shall be based upon the sum of the estimated cost of rehabilitation and the Commissioner’s estimate of

1 the value of the property before rehabilitation rather than
 2 upon the Commissioner's estimate of the replacement
 3 cost;"

4 ~~(b)~~ striking out "mortgage insurance" in subsec-
 5 tion ~~(a)~~ and inserting in lieu thereof "loan and mort-
 6 gage insurance"; and

7 ~~(c)~~ adding the following subsection:

8 ~~"(h) (1)~~ To assist further in the conservation, improve-
 9 ment, repair, and rehabilitation of property located in the
 10 area of an urban renewal project as provided in paragraph
 11 ~~(1)~~ of subsection ~~(d)~~ of this section, the Commissioner is
 12 authorized upon such terms and conditions as he may pre-
 13 scribe to make commitments to insure and to insure home
 14 improvement loans ~~(including advances during construction~~
 15 ~~or improvement)~~ made by financial institutions on and after
 16 the effective date of the Housing Act of 1961. As used in
 17 this subsection, 'home improvement loan' means a loan, ad-
 18 vance of credit or purchase of an obligation representing a
 19 loan or advance of credit made for the purpose of financing
 20 the improvement of an existing structure ~~(or in connection~~
 21 ~~with an existing structure)~~ used primarily for residential
 22 purposes; 'improvement' means conservation, repair, restora-
 23 tion, rehabilitation, conversion, alteration, enlargement, or
 24 remodeling; and 'financial institution' means a lender ap-

1 proved by the Commissioner as eligible for insurance under
2 section 2 or a mortgage approved under section 203(b)(1).

3 “(2) To be eligible for insurance under this subsection,
4 a home improvement loan shall—

5 “(i) not exceed the Commissioner’s estimate of
6 the cost of improvement, or \$10,000 per family unit,
7 whichever is the lesser;

8 “(ii) be limited to an amount which when added
9 to any outstanding indebtedness related to the property
10 (as determined by the Commissioner) creates a total
11 outstanding indebtedness which does not exceed the
12 limits provided in subsection (d)(3) for properties
13 other than new construction;

14 “(iii) bear interest at not to exceed a rate pre-
15 scribed by the Commissioner but not in excess of 6 per
16 centum per annum of the amount of the principal obli-
17 gation outstanding at any time, and such other charges
18 (including such service charges, appraisal, inspection,
19 and other fees) as may be approved by the Commis-
20 sioner;

21 “(iv) have a maturity satisfactory to the Commis-
22 sioner, but not to exceed twenty-five years or three-
23 quarters of the remaining economic life of the structure,
24 whichever is the lesser;

1 “(v) be secured at the discretion of the Commis-
2 sioner in such cases and in such manner as he may
3 require;

4 “(vi) contain such other terms, conditions and re-
5 strictions as the Commissioner may prescribe; and

6 “(vii) represent the obligation of a borrower who
7 is the owner of the property improved.

8 “(3) Any home improvement loan insured under this
9 subsection may be refinanced and extended in accordance
10 with such terms and conditions as the Commissioner may
11 prescribe, but in no event for an additional amount or term
12 in excess of the maximum provided for in this subsection.

13 “(4) There is hereby created a separate section 220
14 home improvement account to be maintained under the se-
15 tion 220 housing insurance fund and to be used by the Com-
16 missioner as a revolving fund for carrying out the provisions
17 of this subsection. The Commissioner is authorized to trans-
18 fer to such fund the sum of \$1,000,000 from the war hous-
19 ing insurance fund established pursuant to the provisions
20 of section 602 of this Act. Any premium charges, and ap-
21 praisal and other fees received on account of the insurance
22 of any home improvement loan accepted for insurance under
23 this subsection, and the receipts derived from the sale, col-
24 lection, deposit, or compromise of any evidence of debt, con-
25 tract, claim, property, or security assigned to or held by

1 the Commissioner in connection with the payment of insur-
2 ance under this subsection, shall be credited to the section
3 220 home improvement account. Insurance claims under
4 this subsection and expenses incurred in the handling, man-
5 agement, renovation, and disposal of any properties acquired
6 by the Commissioner under this subsection shall be charged
7 to the section 220 home improvement account. General ex-
8 penses of operation of the Federal Housing Administration
9 and other expenses incurred under this subsection may be
10 charged to the section 220 home improvement account.
11 Moneys in the account not needed for the current operation
12 of the Federal Housing Administration under this subsec-
13 tion shall be deposited with the Treasurer of the United
14 States to the credit of that account, or invested in bonds or
15 other obligations of, or in bonds or other obligations guaran-
16 teed as to principal and interest by, the United States.

17 “(5) The Commissioner is authorized to fix a premium
18 charge for the insurance of home improvement loans under
19 this subsection but in the case of any loan such charge shall
20 not be less than an amount equivalent to one-half of 1 per
21 centum per annum nor more than an amount equivalent to
22 1 per centum per annum of the amount of the principal obli-
23 gation of the loan outstanding at any time, without taking
24 into account delinquent payments or prepayments. Such
25 premium charges shall be payable by the financial institution

1 in such manner as may be prescribed by the Commissioner
2 and the Commissioner may require the payment of one or
3 more such premium charges at the time the loan is insured, at
4 such discount rate as he may prescribe not in excess of the
5 interest rate specified in the loan. If the Commissioner finds
6 upon presentation of a loan for insurance and the tender of
7 the initial premium charge or charges so required that the
8 loan complies with the provisions of this subsection, such loan
9 may be accepted for insurance by endorsement or otherwise
10 as the Commissioner may prescribe. In the event that the
11 principal obligation of any loan accepted for insurance under
12 this subsection is paid in full prior to the maturity date, the
13 Commissioner is authorized to refund to the financial insti-
14 tution all, or such portions as he shall determine to be equi-
15 table, of the current unearned premium charges heretofore
16 paid.

17 “(6) In cases of defaults in loans insured under this sub-
18 section, upon receiving notice of default, the Commissioner,
19 in accordance with such regulations as he may prescribe, may
20 acquire the loan and any security therefor upon payment to
21 the financial institution in cash or in debentures of a total
22 amount equal to the unpaid principal balance of the loan
23 plus any accrued interest and any advances approved by the
24 Commissioner made previously by the financial institution
25 under the provisions of the loan instruments. After the ac-

1 quisation of the loan by the Commissioner the financial in-
2 stitution shall have no further rights, liabilities, or obligations
3 with respect to the loan or any security for the loan.

4 “(7) Debentures issued under this subsection shall be
5 executed in the name of the section 220 home improvement
6 account as obligor, shall be signed by the Commissioner, by
7 either his written or engraved signature, shall be negotiable,
8 and shall be dated as of the date of acquisition of the loan
9 and shall bear interest from that date. They shall bear in-
10 terest at a rate established by the Commissioner pursuant to
11 section 224, payable semiannually on the 1st day of January
12 and the 1st day of July of each year, and shall mature ten
13 years after their date of issuance. The debentures shall be
14 exempt from taxation as provided in section 207(i) with
15 respect to debentures issued under that subsection. They
16 shall be paid out of the section 220 home improvement ac-
17 count which shall be primarily liable therefor and they shall
18 be fully and unconditionally guaranteed as to principal and
19 interest by the United States, and the guarantee shall be
20 expressed on the face of the debentures. In the event the
21 section 220 home improvement account fails to pay upon
22 demand, when due, the principal of or interest on any de-
23 bentures so guaranteed, the Secretary of the Treasury shall
24 pay to the holders the amount thereof which is hereby au-

1 thorized to be appropriated, out of any money in the Treas-
2 ury not otherwise appropriated, and thereupon, to the extent
3 of the amount so paid, the Secretary of the Treasury shall
4 succeed to all the rights of the holders of such debentures.
5 Debentures issued under this subsection shall be in such form
6 and denominations in multiples of \$50, shall be subject to
7 such terms and conditions, and shall include such provisions
8 for redemption, if any, as may be prescribed by the Com-
9 missioner with the approval of the Secretary of the Treasury
10 and may be in coupon or registered form. Any difference be-
11 tween the amount of debentures to which the financial insti-
12 tution is entitled, and the aggregate face value of the deben-
13 tures issued, not to exceed \$50, shall be adjusted by the
14 payment of cash by the Commissioner to the financial insti-
15 tution from the section 220 home improvement account.

16 “(8) The provisions of subsections (c), (d), and (h)
17 of section 2 shall apply to home improvement loans insured
18 under this subsection.

19 “(9) The provisions of section 227 relating to mort-
20 gages insured under this Act shall be applicable to a home
21 improvement loan executed in connection with the im-
22 provement of a structure for use as rental accommodations
23 for five or more families and insured under this subsection,
24 and for other purposes of this subsection, references in section
25 227 to (i) a ‘mortgage’ or ‘mortgage loan’ shall refer to

1 a home improvement loan; (ii) a 'mortgagor' or 'mortgagee'
 2 shall refer to a borrower or financial institution, re-
 3 spectively; (iii) 'mortgaged property' shall refer to prop-
 4 erty with respect to which a loan was executed and insured
 5 under this subsection; and (iv) 'repair or rehabilitation'
 6 shall refer to 'improvement' as defined in this subsection."

7 HOME IMPROVEMENT LOANS OUTSIDE OF URBAN RENEWAL

8 AREAS

9 SEC. 202. Section 203 of the National Housing Act is
 10 amended by—

11 (a) striking out in subsection (e) "of the mort-
 12 gage" and inserting in lieu thereof "of the loan or
 13 mortgage"; and

14 (b) adding the following subsection:

15 "(k) To supplement the mortgage insurance provisions
 16 of this section in order to assist the conservation, improve-
 17 ment, and alteration of housing, the Commissioner is au-
 18 thorized to make commitments to insure and to insure a
 19 home improvement loan under this subsection in accordance
 20 with the provisions of section 220(h), except that (1)
 21 the structures improved shall be designed for occupancy
 22 by not more than four families and shall not be required
 23 to be located in the area of an urban renewal project; (2)
 24 the Commissioner shall find that the property with respect
 25 to which the loan is executed is economically sound; (3)

1 all funds received and all disbursements made shall be
 2 credited or charged, as appropriate, to a separate section
 3 203 home improvement account to be maintained as here-
 4 inafter provided under the mutual mortgage insurance fund;
 5 and ~~(4)~~ insurance benefits shall be paid in debentures exe-
 6 cuted in the name of the section 203 home improvement
 7 account. For the purposes of this subsection, the Commis-
 8 sioner shall have all the authority provided in section 220(h)
 9 and debentures issued with respect to loans insured under
 10 this subsection shall be issued in accordance with subsec-
 11 tions ~~(h)(6)~~ and ~~(h)(7)~~ of section 220. There is here-
 12 by created a separate home improvement account under
 13 the mutual mortgage insurance fund which shall be used
 14 by the Commisisoner as a revolving fund for carrying out
 15 the provisions of this subsection, and the Commissioner is
 16 authorized to transfer to such account the sum of \$1,000,-
 17 000 from the war housing insurance fund established pur-
 18 suant to the provisions of section 602 of this Act. The
 19 provisions in section 205(c) shall not be applicable to loans
 20 insured under this subsection."

21 TITLE III—EXPERIMENTAL HOUSING AND
 22 APARTMENT UNIT MORTGAGE INSURANCE

23 EXPERIMENTAL HOUSING MORTGAGE INSURANCE

24 SEC. 301. Title II of the National Housing Act is
 25 amended by adding the following section:

1 "EXPERIMENTAL HOUSING

2 "SEC. 233. (a) In order to assist in lowering housing
3 costs and improving housing standards, quality, livability or
4 durability or neighborhood design through the utilization
5 of advanced housing technology, or experimental property
6 standards, the Commissioner is authorized to insure, and to
7 make commitments to insure, under this section mortgages
8 (including in the case of mortgages insured under subsection
9 (b)(2) of this section, advances on such mortgages during
10 construction) secured by dwellings involving the utilization
11 and testing of advanced technology in housing design, mate-
12 rials, or construction, or experimental property standards for
13 neighborhood design if the Commissioner determines that:
14 (1) the property is an acceptable risk, giving consideration
15 to the need for testing advanced housing technology or ex-
16 perimental property standards; (2) the utilization and test-
17 ing of the advanced technology or experimental property
18 standards involved will provide data or experience which the
19 Commissioner deems to be significant in reducing housing
20 costs or improving housing standards, quality, livability,
21 or durability, or improving neighborhood design; and (3)
22 the mortgages are eligible for insurance under the provisions
23 of this section and under any further terms and conditions
24 which may be prescribed by the Commissioner to establish
25 the acceptability of the mortgages for insurance.

1 ~~“(b) To be eligible for insurance under this section a~~
2 mortgage shall—

3 ~~(1) meet the requirements of section 203(b),~~
4 except that the maximum principal obligation of the
5 mortgage as computed under clauses ~~(i), (ii), and~~
6 ~~(iii)~~ of section 203(b)~~(2)~~ shall be determined on
7 the basis of the Commissioner’s estimate of the cost of
8 replacing the property using comparable conventional
9 design, materials, and construction rather than value,
10 and the proviso in section 203(b)~~(8)~~ shall not be
11 applicable to mortgages insured under this section; or

12 ~~(2) meet the requirements of section 207(b) and~~
13 section 207(e), except that the maximum principal
14 obligation of the mortgage as computed under section
15 207(e)~~(2)~~ shall be determined on the basis of the
16 Commissioner’s estimate of the cost of replacing the
17 property, using comparable conventional design, mate-
18 rials, and construction rather than value.

19 ~~“(c) The Commissioner may enter into such contracts,~~
20 agreements, and financial undertakings with the mortgagor
21 and others as he deems necessary or desirable to carry out
22 the purposes of this section, and may expend available funds
23 for such purposes, including the correction, when he deter-
24 mines it necessary to protect the occupants, at any time sub-
25 sequent to insurance of a mortgage, of defects or failures in:

1 the dwellings which the Commissioner finds are caused
2 by or related to the advanced housing technology utilized
3 in their design or construction or experimental property
4 standards.

5 “(d) The Commissioner may make such investigations
6 and analyses of data, and publish and distribute such re-
7 ports as he determines to be necessary or desirable to assure
8 the most beneficial use of the data and information to be
9 acquired as a result of this section.

10 “(e) Any mortgagee under a mortgage insured under
11 subsection (b)(1) of this section shall be entitled to the
12 benefits of the insurance as provided in section 204 with
13 respect to mortgages insured under section 203, and the
14 provisions of section 204 may apply to the mortgages in-
15 sured under subsection (b)(1); except that as applied to
16 those mortgages (1) all references to the ‘fund’, or ‘mutual
17 mortgage insurance fund’, shall refer to the ‘experimental
18 housing insurance fund’, and (2) all references to ‘section
19 203’ shall refer to this section 233.

20 “(f) Any mortgagee under a mortgage insured under
21 subsection (b)(2) of this section shall be entitled to the
22 benefits of insurance as provided in section 207 with respect
23 to mortgages insured under section 207, except that as ap-
24 plied to mortgages insured under subsection (b)(2) of this
25 section (1) all references to the ‘housing insurance fund’,

1 'fund', or 'housing fund' shall refer to the 'experimental hous-
2 ing insurance fund', and ~~(2)~~ all references to 'this section'
3 shall refer to this section 233.

4 ~~“(g)~~ Notwithstanding the provisions of subsections ~~(e)~~
5 and ~~(f)~~ of this section, in the case of default of any mort-
6 gage insured under this section, the Commissioner in his
7 discretion, may in accordance with such regulations as he
8 may prescribe, acquire a mortgage loan that is in default
9 and the security therefor upon payment to the mortgagee
10 in cash ~~(from the Experimental Housing Insurance Fund)~~
11 or in debentures of a total amount equal to the unpaid prin-
12 cipal balance of the loan plus any accrued interest and any
13 advances approved by the Commissioner made previously
14 by the mortgagee under the provisions of the mortgage.
15 After the acquisition of the mortgage by the Commissioner
16 the mortgagee shall have no further rights, liabilities, or
17 obligations with respect to the mortgage. The provisions
18 of sections 204 and 207 relating to the issuance of debentures
19 shall apply with respect to debentures issued under this sub-
20 section, and the provisions of sections 204 and 207 relating
21 to the rights, liabilities, and obligations of a mortgagee
22 shall apply with respect to the Commissioner when he has
23 acquired an insured mortgage under this subsection, in ac-
24 cordance with and subject to regulations ~~(modifying such~~
25 provisions to the extent necessary to render their applica-

tion for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages insured under this section ~~(1)~~ all references in section 204 to the 'fund' or 'mutual mortgage insurance fund' shall refer to the 'experimental housing insurance fund', ~~(2)~~ all references to 'section 203' shall refer to this section, and ~~(3)~~ all references in section 207 to the 'housing insurance fund', 'fund', or 'housing fund' shall refer to the 'experimental housing insurance fund'.

“(h) There is hereby created an 'experimental housing insurance fund' to be used by the Commissioner as a revolving fund to carry out the provisions of this section, and the Commissioner is directed to transfer the sum of \$1,000,000 to the fund from the war housing insurance fund created by section 602 of this Act. General expenses of operation of the Federal Housing Administration and other expenses incurred under this section may be charged to the experimental housing insurance fund. —The provisions of subsections ~~(d)~~, ~~(e)~~, ~~(h)~~, ~~(i)~~, ~~(j)~~, ~~(k)~~, ~~(l)~~, ~~(m)~~, ~~(n)~~, and ~~(p)~~ of section 207 shall be applicable to a mortgage insured under subsection ~~(b)~~~~(2)~~ of this section, and all references in those subsections to the 'Housing Insurance Fund' or the 'Housing Fund' shall refer to the 'Experimental Housing Insurance Fund'.”

1 INDIVIDUALLY OWNED UNITS IN MULTIFAMILY
2 STRUCTURES

3 SEC. 302. Title II of the National Housing Act is
4 amended by adding the following section:

5 "MORTGAGE INSURANCE FOR INDIVIDUALLY OWNED UNITS
6 IN MULTIFAMILY STRUCTURES

7 "SEC. 234. (a) The purpose of this section is to pro-
8 vide an additional means of increasing the supply of pri-
9 vately owned dwelling units where, under the laws of
10 the State in which the property is located, real property
11 title and ownership are established with respect to a one-
12 family unit which is part of a multifamily structure.

13 "(b) The terms 'mortgage', 'mortgagee', 'mortgagor',
14 'maturity date', and 'State' shall have the meanings re-
15 spectively set forth in section 201, except that the term
16 'mortgage' for the purposes of this section may include a first
17 mortgage given to secure the unpaid purchase price of a
18 fee interest in, or a long-term leasehold interest in, a one-
19 family unit in a multifamily structure and an undivided
20 interest in (or share in cooperative ownership of) the com-
21 mon areas and facilities which serve the structure where
22 the mortgage is determined by the Commissioner to be eli-
23 gible for insurance under this section. The term 'common
24 areas and facilities' as used in this section shall be deemed

1 to include the land and such commercial, community, and
2 other facilities as are approved by the Commissioner.

3 “(c) The Commissioner is authorized in his discretion
4 and under such terms and conditions as he may prescribe
5 (including the minimum number of family units in the
6 structure which shall be offered for sale and provisions for
7 the protection of the consumer and the public interest), to
8 insure any mortgage covering a one-family unit in a multi-
9 family structure and an undivided interest in (or share in
10 cooperative ownership of) the common areas and facilities
11 which serve the structure, if (1) the mortgage meets the
12 requirements of this section and of section 203(b), except
13 as that section is modified by this section; and (2) the
14 structure is or has been covered by a mortgage insured under
15 another section of this Act, notwithstanding any require-
16 ments in such section that the structure was constructed or
17 rehabilitated for the purpose of providing rental housing.
18 Any project proposed to be constructed or rehabilitated
19 after the effective date of the Housing Act of 1961 with
20 the assistance of mortgage insurance under this Act, where
21 the sale of family units is to be assisted with mortgage
22 insurance under this section, shall be subject to such require-
23 ments as the Commissioner may prescribe. To be eligible
24 for insurance pursuant to this section a mortgage shall in-

1 involve a principal obligation in an amount not to exceed ~~(1)~~
2 the limits per room and per family dwelling units provided
3 by section 207~~(c)~~~~(3)~~, and ~~(2)~~ the sum of ~~(i)~~ 97 per
4 centum of \$13,500 of the amount which the Commissioner
5 estimates will be the appraised value of the family unit in-
6 cluding common areas and facilities as of the date the mort-
7 gage is accepted for insurance, ~~(ii)~~ 90 per centum of such
8 value in excess of \$13,500 but not in excess of \$18,000, and
9 ~~(iii)~~ 70 per centum of such value in excess of \$18,000. In
10 determining the amount of a mortgage in the case of a non-
11 occupant mortgagor the reference to paragraph 2 of section
12 203~~(b)~~ in section 203~~(b)~~~~(8)~~ shall be construed to refer
13 to clause ~~(2)~~ of the preceding sentence in this section. The
14 mortgage shall contain such provisions as the Commissioner
15 determines to be necessary for the maintenance of common
16 areas and facilities and the multifamily structure. The mort-
17 gagor shall have exclusive right to the use of the one-family
18 unit covered by the mortgage and, together with the owners
19 of other units in the multifamily structure, shall have the
20 right to the use of the common areas and facilities serving
21 the structure and the obligation of maintaining all such com-
22 mon areas and facilities. The Commissioner may require
23 that the rights and obligations of the mortgagor and the
24 owners of other dwelling units in the structure ~~(including~~

1 voting rights and number of units which can be under the
2 same ownership) shall be subject to such controls as he
3 determines necessary and feasible to promote and protect
4 individual owners, the multifamily structure, and its occu-
5 pants. For the purposes of this section, the Commissioner
6 is authorized in his discretion and under such terms and con-
7 ditions as he may prescribe to permit one-family units and
8 interests in common areas and facilities in multifamily struc-
9 tures covered by mortgages insured under section 207, 213,
10 220, 221, or 231 to be released from the liens of those
11 mortgages.

12 “(d) Any mortgagee under a mortgage insured under
13 this section is entitled to receive the benefits of the insurance
14 as provided in section 204(a) of this Act with respect to
15 mortgages insured under section 203, and the provisions of
16 subsections (b), (c), (d), (e), (f), (g), (h), (j), and
17 (k) of section 204 shall be applicable to the mortgages in-
18 sured under this section, except that (1) all references in
19 section 204 to the mutual mortgage insurance fund or the
20 fund shall refer to the apartment unit insurance fund, (2)
21 all references therein to section 203 shall refer to this section,
22 and (3) the excess remaining referred to in section 204(f)-
23 (1) shall be retained by the Commissioner and credited to
24 the apartment unit insurance fund.

1 “(e) There is hereby created the apartment unit insur-
 2 ance fund which shall be used by the Commissioner as a
 3 revolving fund for carrying out the provisions of this section.
 4 The Commissioner is authorized to transfer to the fund the
 5 sum of \$1,000,000 from the war housing insurance fund
 6 established pursuant to the provisions of section 602 of this
 7 Act. General expenses of operation of the Federal Housing
 8 Administration under this section may be charged to the
 9 apartment unit insurance fund. The provisions of the second
 10 and third paragraphs of section 220(g) shall be applicable
 11 to the apartment unit insurance fund and to this section, and
 12 all references therein to the section 220 housing insurance
 13 fund or the fund shall be construed to refer to the apartment
 14 unit insurance fund, and all references therein to ‘this section’
 15 shall be construed to refer to this section 234.

16 “(f) The provisions of section 225, 229, and 230 shall
 17 be applicable to the mortgages insured under this section.”

18 TITLE IV—NATIONAL HOUSING ACT

19 AUTHORIZATIONS

20 LIMITATIONS ON FHA INSURANCE AUTHORIZATIONS

21 SEC. 401. (a) Section 2(a) of the National Housing
 22 Act is amended by striking out in the first sentence “1961”
 23 and inserting in lieu thereof “1963”.

24 (b) Section 203(a) of such Act is amended by striking

1 out the colon and all that follows the colon and inserting
2 a period after "thereon".

3 ~~(c)~~ Section 217 of such Act is amended to read as
4 follows:

5 "SEC. 217. Except with respect to the insurance of a
6 loan or mortgage pursuant to section 2, subsections 221(d)
7 ~~(2)~~ and ~~(d)(4)~~ or title VIII of this Act subject to a limita-
8 tion thereunder on the time of such insurance, no loan or
9 mortgage shall be insured under any provision of this Act
10 after October 1, 1965, except pursuant to a commitment
11 to insure before that date."

12 ~~(d)~~ Section 803(a) of such Act is amended by striking
13 out "1961" and inserting in lieu thereof "1962".

14 FEDERAL NATIONAL MORTGAGE ASSOCIATION SPECIAL
15 ASSISTANCE FUNCTIONS

16 SEC. 402. Section 305 of the National Housing Act is
17 amended by—

18 ~~(i)~~ striking out in subsection ~~(c)~~ "\$950,000,000"
19 and inserting in lieu thereof "\$1,700,000,000"; and

20 ~~(ii)~~ adding the following subsections:

21 ~~"(h)~~ Notwithstanding any other provision of this Act,
22 the Association is authorized ~~(subject to Presidential action~~
23 as provided in subsection ~~(a)~~, as limited by subsection ~~(c)~~,
24 of this section) to purchase pursuant to commitments or

1 otherwise, and to service, sell, and otherwise deal in any
 2 home improvement loans insured under section 220(h) of
 3 this Act.

4 “(i) Notwithstanding clause (2) of section 302(b)
 5 and any provision of this Act which is inconsistent with this
 6 subsection, the Association is authorized (subject to Presi-
 7 dential action as provided in subsection (a), as limited by
 8 subsection (c), of this section) to purchase pursuant to
 9 commitments or otherwise, and to service, sell, and otherwise
 10 deal in mortgages insured under the provisions of section
 11 221(d)(3) of this Act.”.

12 TITLE V—HOUSING FOR ELDERLY AND LOW 13 INCOME

14 DIRECT LOANS FOR THE ELDERLY

15 SEC. 501. Section 202 of the Housing Act of 1959 is
 16 amended by—

17 (a) striking out in subsection (a)(1) “private
 18 nonprofit corporations” and inserting in lieu thereof
 19 “private nonprofit corporations or public bodies or
 20 agencies”;

21 (b) striking out in subsection (a)(2) “for the pro-
 22 vision” and inserting in lieu thereof “or to any public
 23 body or agency for the provision”;

1 ~~(c)~~ striking out in subsection ~~(a) (2)~~ “unless the
2 corporation” and inserting in lieu thereof “unless the
3 applicant”;

4 ~~(d)~~ striking out in subsection ~~(a) (3)~~ “A loan to a
5 corporation under this section” and inserting in lieu
6 thereof “A loan under this section”;

7 ~~(e)~~ striking out in subsection ~~(a) (4)~~ “\$50,000,
8 000” and inserting in lieu thereof “\$100,000,000”;

9 ~~(f)~~ striking out the second sentence in subsection
10 ~~(a) (4)~~; and

11 ~~(g)~~ striking out in subsection ~~(e) (3)~~ “corporation
12 undertaking” and inserting in lieu thereof “corporate
13 body or agency undertaking”.

14 LOW-RENT PUBLIC HOUSING

15 ELIGIBILITY REQUIREMENTS FOR DISABLED PERSONS

16 SEC. 502. Section 2 of the United States Housing Act
17 of 1937 is amended by striking out the words “has at-
18 tained the age of fifty and” in the second and third sen-
19 tences of paragraph ~~(2)~~ and by striking out paragraph
20 ~~(14)~~ and renumbering paragraph “~~(15)~~” to be paragraph
21 “~~(14)~~”.

1 ADDITIONAL SUBSIDY FOR ELDERLY AND DISABLED
2 TENANTS

3 SEC. 503. Section 10(a) of the United States Housing
4 Act of 1937 is amended by inserting a colon and the fol-
5 lowing proviso before the period at the end of the third
6 sentence thereof: "*Provided*, That the Authority may, in
7 addition to the payments guaranteed under the contract,
8 pay not to exceed \$120 per annum per dwelling unit oc-
9 cupied by an elderly family on the last day of the project
10 fiscal year where such amount, in the determination of the
11 Authority, was necessary to enable the public housing agency
12 to lease the dwelling unit to the elderly family at a rental
13 it could afford and to operate the project on a solvent basis".

14 DWELLING UNIT AUTHORIZATION

15 SEC. 504. Section 10(c) of the United States Housing
16 Act of 1937 is amended by—

(a) striking out the first three sentences and inserting in lieu thereof the following: "The Authority is authorized to enter into contracts for annual contributions aggregating not more than \$336,000,000 per annum of which not more than 15 per centum shall be expended within any one State: *Provided*, That no such new contract for additional units shall be entered into after the date of approval of the Housing Act of 1961 except with respect to low-rent housing for a locality respecting

which the Administrator has made the determination and certification relating to a workable program as prescribed in section 101(c) of the Housing Act of 1949, and that the Authority shall enter into only such new contracts for preliminary loans as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into.” ; and

~~(b) striking out section 10(i) and redesignating section “15(10)” as section “10(i)”, and striking out section 21(d).~~

GREATER LOCAL RESPONSIBILITY FOR ADMISSION POLICIES

SEC. 505. ~~(a)~~ Section 10(g) of the United States Housing Act of 1937 is amended to read as follows:

~~“(g) Every contract for annual contributions for any low-rent housing project shall provide that—~~

~~“(1) the maximum income limits fixed by the public housing agency shall be subject to the prior approval of the Authority and the Authority may require the agency to review and revise such limits if the Authority determines that changed conditions in the locality make such revisions necessary in achieving the purposes of the Act;~~

~~“(2) the public housing agency shall adopt and promulgate regulations establishing admission policies which~~

1 shall give full consideration to its responsibility for the
2 rehousing of those displaced by urban renewal or other
3 governmental action; to the applicant's status as a serv-
4 iceman or veteran or relationship to a serviceman or
5 veteran or to a disabled serviceman or veteran; and to
6 the applicant's age or disability, housing conditions, ur-
7 gency of housing need and source of income; and

8 “(3) the public housing agency shall determine,
9 and so certify to the Authority, that each family in the
10 project was admitted in accordance with duly adopted
11 regulations and approved income limits; and the public
12 housing agency shall make periodic reexaminations of
13 the incomes of families living in the project and shall
14 require any family whose income has increased beyond
15 the approved maximum income limits for continued oc-
16 cupancy to move from the project unless the public
17 housing agency determines that, due to special circum-
18 stances, the family is unable to find decent, safe, and
19 sanitary housing within its financial reach although mak-
20 ing every reasonable effort to do so, in which event
21 such family may be permitted to remain for the duration
22 of such a situation if it pays an appropriate rent.”

23 (b) Sections 10(m) and 15(8) of such Act are
24 repealed.

1 DEMONSTRATION PROGRAMS

2 SEC. 506. Section 11 of the United States Housing
3 Act of 1937 and its heading are amended to read as follows:

4 “DEMONSTRATION PROGRAMS

5 “SEC. 11. The Authority is authorized to make grants
6 to public or private bodies or agencies; subject to such terms
7 and conditions as it shall prescribe; for the purposes of de-
8 veloping and demonstrating new or improved means of
9 providing housing and a suitable living environment for low
10 income families and for obtaining maximum efficiency and
11 economy in the construction and management of low-rent
12 housing. Advances and progress payments may be made,
13 under any contract to make grants under this section, with-
14 out regard to the provisions of section 3648 of the Revised
15 Statutes, and the Administrator may waive any of the re-
16 quirements of this Act to the extent he deems necessary to
17 accomplish the purposes of this section. There is hereby
18 authorized to be appropriated not exceeding \$10,000,000
19 for grants to carry out the purposes of this section, and any
20 amount so appropriated shall remain available until ex-
21 pended.”

1 INCREASED COST LIMITS FOR UNITS FOR THE ELDERLY—

2 NON-FEDERAL AID TO PROJECTS

3 SEC. 507. (a) Section 15 of the United States Housing
4 Act of 1937 is amended by—

5 (1) inserting in paragraph (5) after the second
6 parenthetical clause the following: “on which the com-
7 putation of any annual contributions under this Act may
8 be based”;

9 (2) inserting “\$3,000” after the words “Alaska or”
10 in paragraph (5);

11 (3) striking out paragraph (6) and redesignating
12 paragraph “(9)” to be paragraph “(6)”; and

13 (4) striking out “entitled to a first preference as
14 provided in section 10(g)” in paragraph (7)(b) and
15 inserting in lieu thereof “displaced by urban renewal
16 or other governmental action”.

17 (b) Section 10(h) of such Act is amended by inserting
18 the following after the word “project” the third time it ap-
19 pears therein: “(exclusive of any portion thereof which is
20 not assisted by annual contributions under this Act)”.

21 TITLE VI—URBAN RENEWAL AND PLANNING
22 POOLING GRANTS IN AID BETWEEN PROJECTS WITH TWO-
23 THIRDS AND THREE-FOURTHS FEDERAL PARTICIPATION

24 SEC. 601. (a) Section 103(a) of the Housing Act of
25 1949 is amended by striking out the second sentence and in-

1 serting in lieu thereof the following: "The aggregate of
2 such capital grants with respect to all the projects of a local
3 public agency (or of two or more local public agencies in the
4 same municipality) on which contracts for capital grants
5 have been made under this title shall not exceed the total
6 of two-thirds of the aggregate net project costs of such proj-
7 ects undertaken on a two-thirds capital grant basis and three-
8 fourths of the aggregate net project costs of such projects
9 which the Administrator, upon request, may approve on a
10 three-fourths capital grant basis."

11 (b) Section 104 of such Act is amended by striking out
12 the second sentence and inserting in lieu thereof the follow-
13 ing: "Such local grants-in-aid, together with the local grants-
14 in-aid to be provided in connection with all other projects
15 of the local public agency (or two or more local public agen-
16 cies in the same municipality) on which contracts for capi-
17 tal grants have theretofore been made, shall be at least equal
18 to the total of one-third of the aggregate net project costs
19 of such projects undertaken on a two-thirds capital grant
20 basis and one-fourth of the aggregate net project costs of
21 such projects undertaken on a three-fourths capital grant
22 basis."

23 (c) Section 110(c) of such Act is amended by striking
24 out "the proviso in the second sentence of" in the third
25 sentence.

1 CAPITAL GRANT AUTHORIZATION

2 SEC. 602. Section 103(b) of the Housing Act of 1949
3 is amended by striking out the first sentence and inserting
4 in lieu thereof the following: "The Administrator may, with
5 the approval of the President, contract to make grants under
6 this title aggregating not to exceed \$4,500,000,000."

7 RELOCATION PAYMENTS

8 SEC. 603. (a) Section 106(f) of the Housing Act of
9 1949 is amended by—

10 (1) striking out "that no part" in paragraph (1)
11 and inserting in lieu thereof "except as hereinafter pro-
12 vided, that no part"; and

13 (2) striking out the period at the end of the next
14 to the last sentence in paragraph (2) and inserting in
15 lieu thereof "∴ *Provided*, That the latter amount may
16 be increased whenever the Administrator determines it
17 to be necessary to compensate any business concern for
18 reasonable and necessary moving expenses and actual
19 direct losses of property, but any sums paid hereunder
20 in excess of the \$3,000 maximum shall be included in
21 gross project cost."

22 (3) striking out the last sentence of paragraph (2)
23 and inserting in lieu thereof "Payment to individuals and
24 families of fixed amounts (not to exceed \$200 in any
25 case) may be made in lieu of their respective reasonable

and necessary moving expenses and actual direct losses of property. —All payments under this subsection shall be subject to such rules, regulations, and limitations as may be prescribed by the Administrator.”.

~~(b)~~ Section 110(e) of such Act is amended by—

~~(1)~~ striking out at the end of clause ~~(i)~~ “and”;

~~(2)~~ adding “and” at the end of clause ~~(ii)~~; and

~~(3)~~ adding after clause ~~(ii)~~ “~~(iii)~~ relocation payments, if made pursuant to the second proviso in paragraph ~~(2)~~ of section 106(f) hereof.”.

TRANSIENT HOUSING

SEC. 604. Section 106(g) of the Housing Act of 1949 is repealed.

RESALE OF PROPERTY IN URBAN RENEWAL AREAS FOR HOUSING FOR MODERATE INCOME FAMILIES

SEC. 605. ~~(a)~~ Section 107 of the Housing Act of 1949 is amended by—

~~(1)~~ changing the title thereof to read “PROPERTY TO BE USED FOR PUBLIC HOUSING OR HOUSING FOR MODERATE INCOME FAMILIES”;

~~(2)~~ inserting “(a)” before the first sentence; and

~~(3)~~ adding the following new subsection:

“(b) Upon approval of the Administrator and subject to such conditions as he may determine to be in the public

1 interest, any real property held as part of an urban renewal
 2 project may be made available to a limited dividend corpora-
 3 tion, nonprofit corporation or association, cooperative, or
 4 public body or agency for purchase at fair value for use by
 5 such purchaser in the provision of new or rehabilitated rental
 6 or cooperative housing for occupancy by families of moder-
 7 ate income.”.

8 ~~(b)~~ Clause ~~(4)~~ of the second sentence of section
 9 ~~110(e)~~ of the Housing Act of 1949 is amended by insert-
 10 ing the following before the semicolon at the end thereof:
 11 “or as provided in section 107”.

12 REHABILITATION

13 SEC. 606. ~~(a)~~ The second sentence of section ~~110(e)~~
 14 of the Housing Act of 1949 is amended by—

15 ~~(1)~~ striking out “and” after paragraph ~~(5)~~;

16 ~~(2)~~ striking out the period at the end of para-
 17 graph ~~(6)~~ and inserting in lieu thereof “; and ”; and

18 ~~(3)~~ adding after paragraph ~~(6)~~ a new paragraph
 19 as follows:

20 “~~(7)~~ acquisition and repair or rehabilitation for
 21 guidance purposes and resale by the local public agency
 22 of dwelling units which are located in the urban renewal
 23 area and which, under the urban renewal plan, are to
 24 be repaired or rehabilitated.”.

25 ~~(b)~~ The third sentence of section ~~110(e)~~ of such Act

1 is amended by inserting after "include" the following: "(ex-
2 cept as provided in paragraph (7) above)".

3 INCREASE IN NONRESIDENTIAL EXCEPTION

4 SEC. 607. The fifth sentence of section 110(e) of the
5 Housing Act of 1949 is amended by—

6 (a) striking out "Housing Act of 1959" and in-
7 serting in lieu thereof "Housing Act of 1961"; and

8 (b) striking out "20 per centum" and inserting in
9 lieu thereof "30 per centum".

10 URBAN PLANNING ASSISTANCE

11 SEC. 608. Section 701 of the Housing Act of 1954 is
12 amended by—

13 (a) striking out "50 per centum" in the first sen-
14 tence of subsection (b) and inserting in lieu thereof
15 "two thirds";

16 (b) striking out "\$20,000,000" in the last sen-
17 tence of subsection (b) and inserting in lieu thereof
18 "\$10,000,000";

19 (c) inserting after "public facilities" in clause (1)
20 of subsection (d) "including transportation facilities";
21 and

22 (d) adding the following new subsection:

23 "(f) The consent of the Congress is hereby given to
24 any two or more States to enter into agreements or com-
25 pacts, not in conflict with any law of the United States, for

1 cooperative efforts and mutual assistance in the compre-
 2 hensive planning for the physical growth and development
 3 of inter-State metropolitan or other urban areas, and to es-
 4 tablish such agencies, joint or otherwise, as they may deem
 5 desirable for making effective such agreements and com-
 6 pacts.”.

7 TITLE VII—COMMUNITY FACILITIES

8 AUTHORIZATION FOR PUBLIC FACILITY LOANS

9 SEC. 701. Section 203(a) of the Housing Amendments
 10 of 1955 is amended by striking out “\$150,000,000” and in-
 11 serting in lieu thereof “\$200,000,000”.

12 ADVANCES FOR PUBLIC WORKS PLANNING

13 SEC. 702. Section 702 of the Housing Act of 1954 is
 14 amended by—

15 (a) striking out in subsection (a) “10” and in-
 16 serting in lieu thereof “12½”; and

17 (b) amending the first sentence of subsection (b)
 18 to read as follows: “No advance shall be made hereun-
 19 der with respect to any individual project, including a
 20 regional or metropolitan or other area-wide project,
 21 unless it is planned to be constructed and there is a
 22 reasonable prospect that the project will be constructed
 23 within or over a reasonable period of time considering
 24 the nature of the project, unless it conforms to an over-
 25 all State, local, or regional plan approved by a com-

petent State, local, or regional authority, and unless the public agency formally contracts with the Federal Government to complete the plan preparation promptly and to repay such advance or part thereof when due.”.

TITLE VIII—FARM HOUSING

SEC. 801. ~~(a)~~ Section 502~~(b)~~ of the Housing Act of 1949 is amended by striking out “and such additional security” from item ~~(1)~~ and inserting in lieu thereof the words “or such other security”.

~~(b)~~ Sections 511, 512, and 513 of such Act are each amended by striking out “1961” and inserting in lieu thereof “1966”.

~~(c)~~ This section shall take effect as of July 1, 1961.

TITLE IX—MISCELLANEOUS

FHA SECTION 207 RENTAL HOUSING—ELIGIBLE

MORTGAGORS

SEC. 901. Section 207 of the National Housing Act is amended by—

~~(a)~~ amending the first paragraph of subsection

~~(b)~~ ~~(2)~~ to read as follows:

“(2) any other mortgagor approved by the Commissioner, which until the termination of all obligations of the Commissioner under the insurance and during such further period of time as the Commissioner shall be the owner, holder, or reinsurer of the mortgage, is regu-

1 lated or restricted by the Commissioner as to rents or
 2 sales, charges, capital structure, rate of return, and meth-
 3 ods of operation to such extent and in such manner as to
 4 provide reasonable rentals to tenants and a reasonable
 5 return on the investment. The Commissioner may make
 6 such contracts with and acquire for not to exceed \$100
 7 such stock or interest in the mortgagor as he may deem
 8 necessary to render effective the regulations or restric-
 9 tions. The stock or interest acquired by the Commis-
 10 sioner shall be paid for out of the Housing Fund, and
 11 shall be redeemed by the mortgagor at par upon the
 12 termination of all obligations of the Commissioner under
 13 the insurance.”; and

14 ~~(b)~~ striking out in subsection ~~(c)~~-(3) “attribut-
 15 able to dwelling use” and inserting in lieu thereof “at-
 16 tributable to dwelling use (excluding exterior land im-
 17 provements as defined by the Commissioner)”.

18 MINOR AND CONFORMING

19 SEC. 902. Section 203(b) (3) of the National Housing
 20 Act is amended by striking out “insurance of the mortgage”
 21 and inserting in lieu thereof “beginning of amortization of
 22 the mortgage”.

23 SEC. 903. The second sentence of section 204(d) is
 24 amended by striking out “mortgagee after default,” and in-

1 serting in lieu thereof "mortgagee after default, except that
2 debentures with respect to loans or mortgages insured or
3 initially endorsed for insurance on or after March 29, 1961
4 and issued pursuant to the provisions of section 220(f)(1);
5 section 221(g)(3), and section 233 may be dated as of the
6 date they are issued,".

7 SEC. 904. The last sentence of section 204(g) of the
8 National Housing Act is amended to read as follows: "The
9 power to convey and to execute in the name of the Commis-
10 sioner deeds of conveyance, deeds of release, assignments
11 and satisfactions of mortgages, and any other written instru-
12 ment relating to real or personal property or any interest
13 therein heretofore or hereafter acquired by the Commissioner
14 pursuant to the provisions of this Act, may be exercised by
15 the Commissioner or by any Assistant Commissioner ap-
16 pointed by him, without the execution of any express delega-
17 tion of power or power of attorney: *Provided*, That nothing
18 in this subsection shall be construed to prevent the Com-
19 missioner from delegating such power by order or by power
20 of attorney, in his discretion, to any officer, agent, or em-
21 ployee he may appoint: *And provided further*, That a con-
22 veyance or transfer of title to real or personal property or an
23 interest therein to the Federal Housing Commissioner, his
24 successors and assigns, without identifying the Commissioner

1 therein, shall be deemed a proper conveyance or transfer to
 2 the same extent and of like effect as if the Commissioner
 3 were personally named in such conveyance or transfer.”.

4 SEC. 905. Section 209 of the National Housing Act
 5 is amended by striking out the second sentence “shall be
 6 charged as a general expense of the Fund, the Housing
 7 Fund, and the Defense Housing Insurance Fund in such
 8 proportion as the Commissioner shall determine” and insert
 9 ing in lieu thereof “shall be charged as a general expense
 10 of such Insurance Fund or Funds as the Commissioner shall
 11 determine”.

12 SEC. 906. Section 212 of the National Housing Act is
 13 amended by—

14 ~~(a)~~ striking out in the second sentence of subsection
 15 ~~(a)~~ “any mortgage under section 220” and inserting
 16 in lieu thereof “any loan or mortgage under section
 17 220 or section 233”; and

18 ~~(b)~~ striking out in the third sentence of subsection
 19 ~~(a)~~ “in subsection ~~(d)~~ (4)” and inserting in lieu thereof
 20 “in subsection ~~(d)~~ (3) in the case of a cooperative or a
 21 limited profit mortgagor, and in subsection ~~(d)~~ (4)”.

22 SEC. 907. Section 213 of the National Housing Act is
 23 amended by—

24 ~~(a)~~ striking out “eight or more family units” in

1 subsection ~~(d)~~ and inserting in lieu thereof "five or
2 more family units"; and

3 ~~(b)~~ inserting in paragraph ~~(2)~~ of subsection ~~(b)~~
4 after the words "as may be attributable to dwelling use"
5 the following "(excluding exterior land improvements
6 as defined by the Commissioner)"; and

7 ~~(c)~~ striking out in subsection ~~(h)~~ "such mortgagor
8 shall not thereafter be eligible by reason of such para-
9 graph ~~(3)~~ for insurance of any additional mortgage
10 loans pursuant to this section" and inserting in lieu
11 thereof the following: "the Commissioner is authorized
12 to refuse, for such period of time as he shall deem ap-
13 propriate under the circumstances, to insure under this
14 section any additional investor-sponsor type mortgage
15 loans made to such mortgagor or to any other investor-
16 sponsor mortgagor where, in the determination of the
17 Commissioner, any of its stockholders were identified
18 with such mortgagor".

19 SEC. 908. Section 219 of the National Housing Act is
20 amended to read as follows: "Notwithstanding limitations
21 contained in any other sections of this Act as to the use of
22 moneys credited to the title I insurance account, the title I
23 housing insurance fund, the section 203 home improvement

1 account, the housing insurance fund, the war housing insur-
 2 ance fund, the housing investment insurance fund, the armed
 3 services housing mortgage insurance fund, the defense hous-
 4 ing insurance fund, the section 220 housing insurance fund,
 5 the section 220 home improvement account, the section 221
 6 housing insurance fund, the experimental housing insurance
 7 fund, the apartment unit insurance fund, or the servicemen's
 8 mortgage insurance fund, the Commissioner is hereby au-
 9 thorized to transfer funds from any one or more of such
 10 insurance funds or accounts to any other such fund or ac-
 11 count in such amounts and at such times as the Commissioner
 12 may determine, taking into consideration the requirements
 13 of such funds or accounts, separately and jointly to carry out
 14 effectively the insurance programs for which such funds or
 15 accounts were established."

16 SEC. 909. Section 220 (f) of the National Housing Act
 17 is amended by—

18 (a) striking out "or" at the end of paragraph (1);

19 (b) striking out the period at the end of paragraph

20 (2) and inserting in lieu thereof "; or", and

21 (c) adding the following:

22 "(3) as to mortgages meeting the requirements of
 23 this section that are insured or initially endorsed for
 24 insurance on or after March 29, 1961, notwithstanding
 25 the provisions of paragraphs (1) and (2) of this sub-

section, the Commissioner, in his discretion, may in accordance with such regulations as he may prescribe, acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner and made previously by the mortgagee under the provisions of the mortgage. After the acquisition of the mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan. The provisions of sections 204 and 207 relating to the rights, liabilities and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this subsection, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner.”.

SEC. 910. The first sentence of section 224 of the National Housing Act is amended to read as follows: “Notwithstanding any other provisions of this Act, debentures issued under any section of this Act with respect to a loan or mortgage accepted for insurance on or after thirty days

1 following the effective date of the Housing Act of 1954 (ex-
2 cept debentures issued pursuant to paragraph (4) of section
3 221(g)) shall bear interest at the rate in effect on the date
4 the commitment to insure the loan or mortgage was issued,
5 or the date the loan or mortgage was endorsed for insurance,
6 or (when there are two or more insurance endorsements)
7 the date the loan or mortgage was initially endorsed for in-
8 surance, whichever rate is the highest, except that debentures
9 issued pursuant to section 220(f), section 220(h)(6), sec-
10 tion 221(g)(3), or section 233 may, at the discretion of the
11 Commissioner, bear interest at the rate in effect on the date
12 they are issued.”

13 SEC. 911. Section 226 of the National Housing Act
14 is amended by striking out “222, or” and inserting in lieu
15 thereof “222, 233, 234, or”.

16 SEC. 912. Section 229 of the National Housing Act is
17 amended to read as follows:

18 “Notwithstanding any other provision of this Act and
19 with respect to any loan or mortgage heretofore or hereafter
20 insured under this Act, except under section 2, the Com-
21 missioner is authorized to terminate any insurance contract
22 upon request by the borrower or mortgagor and the financial
23 institution or mortgagee and upon payment of such termina-
24 tion charge as the Commissioner determines to be equitable,
25 taking into consideration the necessity of protecting the

1 various insurance funds and accounts. Upon such termi-
2 nation borrowers and mortgagors and financial institutions
3 and mortgagees shall be entitled to the rights, if any, to
4 which they would be entitled under this Act if the insurance
5 contract were terminated by payment in full of the insured
6 loan or mortgage.”.

7 SEC. 913. Section 231(c)(2) of the National Hous-
8 ing Act is amended by striking out “attributable to dwelling
9 use” and inserting in lieu thereof “attributable to dwelling
10 use (excluding exterior land improvements as defined by
11 the Commissioner)”.

12 SEC. 914. Section 302(b) of the National Housing Act
13 is amended by striking out in clause (3) “insured under
14 section 220 or 803,” and inserting in lieu thereof “insured
15 under section 220 or 803, or insured under section 213 and
16 covering property located in an urban renewal area,”.

17 SEC. 915. Clause (4) of the second sentence of section
18 110(c) of the Housing Act of 1949 is amended by striking
19 out “initial”.

20 SEC. 916. Section 112 of the Housing Act of 1949 is
21 amended by striking out the first colon and everything that
22 follows it and inserting in lieu thereof a period and the fol-
23 lowing: “The aggregate expenditures made by such insti-
24 tution (directly or through a private redevelopment cor-
25 poration or a municipal or other public corporation) for

1 the acquisition within, adjacent to, or in the immediate
2 vicinity of the project area, of land, buildings and struc-
3 tures to be redeveloped or rehabilitated by such institution
4 for educational uses in accordance with the urban renewal
5 plan (or with a development plan proposed by such institu-
6 tion or corporation, found acceptable by the Administrator
7 after considering the standards specified in section 110(b),
8 and approved under State or local law after public hearing),
9 and for the demolition of such buildings and structures if,
10 pursuant to such urban renewal or development plan, the
11 land is to be cleared and redeveloped, and for the relocation
12 of occupants from buildings and structures to be demolished
13 or rehabilitated, as certified by such institution to the local
14 public agency and approved by the Administrator, shall be
15 a local grant-in-aid in connection with such urban renewal
16 project: *Provided*, That no such expenditures shall be
17 deemed ineligible as a local grant-in-aid in connection with
18 any such project if made not more than five years prior to
19 the authorization by the Administrator of a contract for a
20 loan or capital grant for such urban renewal project: *Pro-*
21 *vided further*, That no such expenditure shall be eligible as a
22 grant-in-aid in any case where the property involved is ac-
23 quired by such educational institution from a local public
24 agency which, in connection with its acquisition or disposi-

tion of such property, has received, or contracted to receive,
 a capital grant pursuant to this title: *And provided further,*
 That the aggregate expenditures made by any public au-
 thority, established by any State, for acquisition, demolition,
 and relocation in connection with land, buildings and struc-
 tures acquired by such public authority and leased to an edu-
 cational institution for educational uses shall be deemed a
 local grant in aid to the same extent as if such expenditures
 had been made directly by such educational institution. The
 term 'educational institution' as used herein shall mean any
 educational institution of higher learning, including any pub-
 lic educational institution or any private educational institu-
 tion, no part of the net earnings of which shall inure to the
 benefit of any private shareholder or individual."

SEC. 917. Section 802(a) of the Housing Act of 1959
 is amended by striking out "five" in the first sentence and
 inserting in lieu thereof "six".

SEC. 918. Section 502 of the Housing Act of 1948 is
 amended by—

(a) striking out in subsection (c)(3) the first
 proviso, the colon thereafter, and the words "*And pro-*
vided further," and inserting in lieu thereof "*Provided,*";
 and

1 ~~(b)~~ adding the following subsection:

2 “(d) The Housing and Home Finance Administrator,
3 the Federal Housing Commissioner, and the Public Hous-
4 ing Commissioner, respectively, may utilize funds made avail-
5 able to them for salaries and expenses for payment in ad-
6 vance for dues or fees for library memberships in organiza-
7 tions ~~(or for membership of the individual librarians of~~
8 the respective agencies in organizations which will not ac-
9 cept library membership) whose publications are available
10 to members only, or to members at a price lower than to
11 the general public, and for payment in advance for publi-
12 cations available only upon that basis or available at a re-
13 duced price on prepublication order.”.

14 AMENDMENT OF THE FEDERAL RESERVE ACT

15 SEC. 919. Section 24 of the Federal Reserve Act is
16 amended by inserting the following sentence before the last
17 sentence in that section: “Notwithstanding the limitations
18 and restrictions in this section any national banking associa-
19 tion may make home improvement loans which are insured
20 under the provisions of sections 203(k) and 220(h) of the
21 National Housing Act.”.

1 AMENDMENT OF THE HOME OWNERS' LOAN ACT OF 1933

2 SEC. 920. Section 5 (e) of the Home Owners' Loan Act
3 of 1933 is amended by striking out "in loans insured under
4 title I of the National Housing Act, as amended" in the
5 first sentence of the second paragraph and inserting in lieu
6 thereof "in loans insured under title I of the National Hous-
7 ing Act, in home improvement loans insured under title II
8 of the National Housing Act,".

9 SEC. 921. Section 223 of the National Housing Act is
10 amended by adding the following subsection:

11 "(e) With respect to any mortgage, other than a mort-
12 gage covering a one- to four-family structure, heretofore or
13 hereafter insured by the Commissioner, and notwithstanding
14 any other provision of this Act, when the taxes, interest on
15 the mortgage debt, mortgage insurance premiums, hazard
16 insurance premiums, and the expense of maintenance and
17 operation of the project covered by such mortgage during
18 the first two years following final endorsement exceed the
19 project income, the Commissioner may, in his discretion and
20 upon such terms and conditions as he may prescribe, per-
21 mit the excess of the foregoing expenses over the project in-

1 come to be added to the amount of such mortgage, and ex-
 2 tend the coverage of the mortgage insurance thereto, and
 3 such additional advance shall be deemed to be part of the
 4 original face amount of the mortgage.”

5 *That this Act may be cited as the “Housing Act of 1961”.*

6 TITLE I—NEW HOUSING PROGRAMS

7 HOUSING FOR MODERATE INCOME FAMILIES

8 SEC. 101. (a) Section 221 of the National Housing
 9 Act is amended by—

10 (1) inserting before the text of such section a sec-
 11 tion heading as follows:

12 “HOUSING FOR MODERATE INCOME AND DISPLACED
 13 FAMILIES”;

14 (2) striking out subsection (a) and inserting in
 15 lieu thereof the following:

16 “(a) This section is designed to assist private industry
 17 in providing housing for low and moderate income families
 18 and families displaced from urban renewal areas or as a
 19 result of governmental action.”;

20 (3) inserting in subsection (b) after “any mort-
 21 gage” the following: “(including advances during con-
 22 struction on mortgages covering property of the char-
 23 acter described in paragraphs (3) and (4) of subsection
 24 (d) of this section)”;

(4) striking out in subsection (d)(2) “(A) not to exceed” and all that follows down through “the succeeding provisos:” and inserting in lieu thereof the following: “(A) not to exceed (i) \$11,000 in the case of a property upon which there is located a dwelling designed principally for a single-family residence, (ii) \$18,000 in the case of a property upon which there is located a dwelling designed principally for a two-family residence, (iii) \$27,000 in the case of a property upon which there is located a dwelling designed principally for a three-family residence, or (iv) \$33,000 in the case of a property upon which there is located a dwelling designed principally for a four-family residence: Provided, That the Commissioner may increase the foregoing amounts to not to exceed \$15,000, \$25,000, \$32,000, and \$38,000, respectively, in any geographical area where he finds that cost levels so require; and (B) (i) in the case of new construction, not to exceed the appraised value (as of the date the mortgage is accepted for insurance) of any such property, less such amount, in the case of any mortgagor, as may be necessary to comply with the succeeding provisos, and (ii) in the case of repair and rehabilitation, the sum of the estimated cost of repair

1 *and rehabilitation and the Commissioner's estimate of the*
 2 *value of the property before repair and rehabilitation:";*

3 *(5) striking out the last proviso in subsection (d)*
 4 *(2);*

5 *(6) striking out subsection (d)(3) and inserting*
 6 *in lieu thereof the following:*

7 *"(3) if executed by a mortgagor which is a public*
 8 *body or agency (other than a public housing agency*
 9 *under the United States Housing Act of 1937), a*
 10 *cooperative (including an investor-sponsor who meets*
 11 *such requirements as the Commissioner may impose to as-*
 12 *sure that the consumer interest is protected), or a limited*
 13 *dividend corporation (as defined by the Commissioner),*
 14 *or a private nonprofit corporation or association regulated*
 15 *or supervised under Federal or State laws or by political*
 16 *subdivisions of States, or agencies thereof, or by the*
 17 *Commissioner under a regulatory agreement or other-*
 18 *wise, as to rents, charges, and methods of operation, in*
 19 *such form and in such manner as in the opinion of the*
 20 *Commissioner will effectuate the purposes of this section—*

21 *"(i) not exceed \$12,500,000;*

22 *"(ii) not exceed for such part of such prop-*
 23 *erty or project as may be attributable to dwelling*
 24 *use (excluding exterior land improvements as de-*
 25 *finied by the Commissioner), \$2,250 per room (or*

1 \$8,500 per family unit if the number of rooms in
2 such property or project is less than four per family
3 unit), except that the Commissioner may in his
4 discretion increase the dollar amount limitation of
5 \$2,250 per room to not to exceed \$2,750 per room,
6 and the dollar amount limitation of \$8,500 per
7 family unit to not to exceed \$9,000 per family unit,
8 as the case may be, to compensate for higher costs
9 incident to the construction of elevator type struc-
10 tures of sound standards of construction and design,
11 and except that the Commissioner may increase
12 any of the foregoing dollar amount limitations con-
13 tained in this paragraph by not to exceed \$1,000
14 per room without regard to the number of rooms
15 being less than four, or four or more, in any geo-
16 graphical area where he finds that cost levels so
17 require; and

18 “(iii) not exceed (1) in the case of new
19 construction, the amount which the Commissioner
20 estimates will be the replacement cost of the prop-
21 erty or project when the proposed improvements
22 are completed (the replacement cost may include
23 the land, the proposed physical improvements, utili-
24 ties within the boundaries of the land, architect’s
25 fees, taxes, interest during construction, and other

1 *miscellaneous charges incident to construction and*
2 *approved by the Commissioner), or (2) in the*
3 *case of repair and rehabilitation, the sum of the*
4 *estimated cost of repair and rehabilitation and the*
5 *Commissioner's estimate of the value of the prop-*
6 *erty before repair and rehabilitation: Provided, That*
7 *such property or project, when constructed, or re-*
8 *paired and rehabilitated, shall be for use as a rental*
9 *or cooperative project, and low and moderate in-*
10 *come families or families displaced by urban re-*
11 *newal or other governmental action shall be eligible*
12 *for occupancy in accordance with such regulations*
13 *and procedures as may be prescribed by the Com-*
14 *missioner and the Commissioner may adopt such*
15 *requirements as he determines to be desirable*
16 *regarding consultation with local public officials*
17 *where such consultation is appropriate by reason*
18 *of the relationship of such project to projects under*
19 *other local programs; or";*

20 *(7) striking out in subsection (d)(4) "which is*
21 *not a nonprofit organization" and inserting in lieu there-*
22 *of "other than a mortgagor referred to in subsection*
23 *(d)(3)";*

24 *(8) striking out subsection (d)(4)(ii) and insert-*
25 *ing in lieu thereof the following:*

1 “(ii) not exceed, for such part of the property
2 or project as may be attributable to dwelling use
3 (excluding exterior land improvements as defined
4 by the Commissioner), \$2,250 per room (or \$8,500
5 per family unit if the number of rooms in such prop-
6 erty or project is less than four per family unit), ex-
7 cept that the Commissioner may in his discretion in-
8 crease the dollar amount limitation of \$2,250 per
9 room to not to exceed \$2,750 per room, and the
10 dollar amount limitation of \$8,500 per family unit
11 to not to exceed \$9,000 per family unit, as the case
12 may be, to compensate for higher costs incident to
13 the construction of elevator type structures of sound
14 standards of construction and design, and except
15 that the Commissioner may increase any of the
16 foregoing dollar amount limitations contained in this
17 paragraph by not to exceed \$1,000 per room with-
18 out regard to the number of rooms being less than
19 four, or four or more, in any geographical area
20 where he finds that cost levels so require;”;

21 (9) striking out in subsection (d)(4)(iv) all that
22 follows “(iv)” down through “And provided further”
23 and inserting in lieu thereof the following: “not exceed
24 90 per centum of the sum of the estimated cost of repair
25 and rehabilitation and the Commissioner’s estimate of the

1 *value of the property before repair and rehabilitation if*
2 *the proceeds of the mortgage are to be used for the re-*
3 *pair and rehabilitation of a property or project: Pro-*
4 *vided”;*

5 (10) *striking out in subsection (d)(5) “but not to*
6 *exceed forty years from the date of insurance of the*
7 *mortgage” and inserting in lieu thereof “but as to mort-*
8 *gages coming within the provisions of subsection (d)(2)*
9 *not to exceed forty years from the date of beginning of*
10 *amortization of the mortgage”;*

11 (11) *inserting before the period at the end of sub-*
12 *section (d)(5) the following: “: Provided, That a*
13 *mortgage insured under the provisions of subsection (d)*
14 *(3) shall bear interest (exclusive of any premium charges*
15 *for insurance and service charge, if any) at not less than*
16 *the annual rate of interest determined, from time to time*
17 *by the Secretary of the Treasury at the request of the*
18 *Commissioner, by estimating the average market yield to*
19 *maturity on all outstanding marketable obligations of the*
20 *United States, and by adjusting such yield to the nearest*
21 *one-eighth of 1 per centum, and there shall be no differ-*
22 *entiation in the rate of interest charged under this*
23 *proviso as between mortgagors under subsection (d)(3)*
24 *on the basis of differences in the types or classes of such*
25 *mortgagors”;*

(12) inserting the following at the end of subsection (f): "A property or project covered by a mortgage insured under the provisions of subsection (d)(3) or (d)(4) shall include five or more family units. The Commissioner is authorized to adopt such procedures and requirements as he determines are desirable to assure that the dwelling accommodations provided under this section are available to families displaced from urban renewal areas or as a result of governmental action. Notwithstanding any provision of this Act, the Commissioner, in order to assist further the provision of housing for low and moderate income families, in his discretion and under such conditions as he may prescribe, may insure a mortgage which meets the requirements of subsection (d)(3) of this section as in effect after the date of enactment of the Housing Act of 1961, with no premium charge, with a reduced premium charge, or with a premium charge for such period or periods during the time the insurance is in effect as the Commissioner may determine, and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to reimburse the Section 221 Housing Insurance Fund for any net losses in connection with such insurance; but

1 *in any case where the premium charge is waived or*
2 *reduced (either as to amount or as to period payable)*
3 *or where the interest rate as determined under the proviso*
4 *in subsection (d)(5) is below the market rate for similar*
5 *mortgages as determined by the Commissioner, initial*
6 *occupancy of a project covered by such a mortgage shall*
7 *be limited under regulations of the Commissioner to*
8 *families and individuals whose incomes make it impos-*
9 *sible for them to obtain decent, safe, and sanitary housing*
10 *in the private market. No mortgage shall be insured*
11 *under this section after July 1, 1963, except pursuant*
12 *to a commitment to insure before that date, or except a*
13 *mortgage covering property which the Commissioner*
14 *finds will assist in the provision of housing for families*
15 *displaced from urban renewal areas or as a result of*
16 *governmental action.”;*

17 *(13) redesignating paragraph (3) of subsection*
18 *(g) as paragraph (4) and inserting after paragraph*
19 *(2) of subsection (g) a new paragraph as follows:*

20 *“(3) as to mortgages meeting the requirements of*
21 *this section which are insured or initially endorsed for*
22 *insurance on or after the date of enactment of the Hous-*
23 *ing Act of 1961, notwithstanding the provisions of para-*
24 *graphs (1) and (2) of this subsection, the Commissioner*
25 *in his discretion, in accordance with such regulations as*

1 he may prescribe, may make payments pursuant to such
2 paragraphs in cash or in debentures (as provided in the
3 mortgage insurance contract), or may acquire a mort-
4 gage loan that is in default and the security therefor
5 upon payment to the mortgagee in cash or in debentures
6 (as provided in the mortgage insurance contract) of a
7 total amount equal to the unpaid principal balance of the
8 loan plus any accrued interest and any advances ap-
9 proved by the Commissioner and made previously by the
10 mortgagee under the provisions of the mortgage, and after
11 the acquisition of any such mortgage by the Commissioner
12 the mortgagee shall have no further rights, liabilities, or
13 obligations with respect to the loan or the security for the
14 loan. The appropriate provisions of sections 204 and
15 207 relating to the issuance of debentures shall apply with
16 respect to debentures issued under this paragraph, and
17 the appropriate provisions of sections 204 and 207
18 relating to the rights, liabilities, and obligations of a
19 mortgagee shall apply with respect to the Commissioner
20 when he has acquired an insured mortgage under this
21 paragraph, in accordance with and subject to regulations
22 (modifying such provisions to the extent necessary to
23 render their application for such purposes appropriate
24 and effective) which shall be prescribed by the Commis-
25 sioner, except that as applied to mortgages so acquired

1 (A) all references in section 204 to the Mutual Mortgage
 2 Insurance Fund or the Fund shall be construed to refer
 3 to the Section 221 Housing Insurance Fund, (B) all
 4 references in section 204 to section 203 shall be con-
 5 strued to refer to this section, and (C) all references
 6 in section 207 to the Housing Insurance Fund, the Hous-
 7 ing Fund, or the Fund shall be construed to refer to the
 8 Section 221 Housing Insurance Fund; or”;

9 (14) striking out in paragraph (4) of subsection
 10 (g) (as redesignated by the preceding paragraph) the
 11 phrase “this paragraph (3)”, each place it appears, and
 12 inserting in lieu thereof “this paragraph”; and

13 (15) inserting in the last sentence of subsection
 14 (h) after “cash adjustments,” the following: “cash
 15 payments,”.

16 (b) Section 101(c) of the Housing Act of 1949 is
 17 amended by—

18 (1) striking out “under section 220 or 221” and
 19 inserting in lieu thereof “under section 220 or section
 20 221(d)(3)”;

21 (2) striking out “of section 220(d), or under sec-
 22 tion 221 of the National Housing Act, as amended, if
 23 the mortgaged property is in an area described in clause
 24 (3) of section 221(a) of said Act, or in a community
 25 referred to in clause (2)(B) of said section” and in-

serting in lieu thereof "of section 220(d) of the National Housing Act"; and

(3) striking out clause (iii) and renumbering clause (iv) as clause (iii).

(c) Section 305 of the National Housing Act is amended by adding at the end thereof a new subsection as follows:

"(h) Notwithstanding clause (2) of section 302(b) and any provision of this Act which is inconsistent with this subsection, the Association is authorized (subject to Presidential action as provided in subsection (a), as limited by subsection (c)) to purchase pursuant to commitments or otherwise, and to service, sell, or otherwise deal in, mortgages insured under the provisions of section 221(d)(3) of this Act."

(d) Section 223 of the National Housing Act is amended by redesignating subsection (b) as subsection (c), and by inserting after subsection (a) the following new subsection:

"(b) Notwithstanding any of the provisions of this title and without regard to limitations upon eligibility contained in section 221, the Commissioner may in his discretion insure under section 221(d)(3) any mortgage executed by a mortgagor of the character described therein where such mortgage is given to refinance a mortgage covering an existing property or project (other than a one- to four-family structure) located

1 in an urban renewal area, if the Commissioner finds that
 2 such insurance will facilitate the occupancy of dwelling units
 3 in the property or project by families of low or moderate
 4 income or families displaced from an urban renewal area or
 5 displaced as a result of governmental action.”

6 *HOME IMPROVEMENT AND REHABILITATION LOANS*

7 *SEC. 102. (a) Section 220 of the National Housing Act*
 8 *is amended by—*

9 (1) striking out the provisos in subsections
 10 (d)(3)(A)(i) and (d)(3)(B)(ii) and inserting in
 11 lieu thereof in each subsection the following: “: Pro-
 12 vided, That in the case of properties other than new con-
 13 struction, the foregoing limitations upon the amount of
 14 the mortgage shall be based upon the sum of the esti-
 15 mated cost of repair and rehabilitation and the Com-
 16 missioner’s estimate of the value of the property before
 17 repair and rehabilitation rather than upon the Commis-
 18 sioner’s estimate of the replacement cost”;

19 (2) striking out “mortgage insurance” in subsection
 20 (a) and inserting in lieu thereof “loan and mortgage
 21 insurance”; and

22 (3) adding at the end thereof the following sub-
 23 section:

24 “(h)(1) To assist further in the conservation, improve-
 25 ment, repair, and rehabilitation of property located in the

1 area of an urban renewal project, as provided in paragraph
2 (1) of subsection (d) of this section, the Commissioner is
3 authorized upon such terms and conditions as he may pre-
4 scribe to make commitments to insure and to insure home
5 improvement loans (including advances during construction
6 or improvement) made by financial institutions on and after
7 the date of enactment of the Housing Act of 1961. As used
8 in this subsection, 'home improvement loan' means a loan, ad-
9 vance of credit or purchase of an obligation representing a
10 loan or advance of credit made for the purpose of financing
11 the improvement of an existing structure (or in connection
12 with an existing structure) used or to be used primarily for
13 residential purposes; 'improvement' means conservation, re-
14 pair, restoration, rehabilitation, conversion, alteration, en-
15 largement, or remodeling; and 'financial institution' means a
16 lender approved by the Commissioner as eligible for insurance
17 under section 2 or a mortgagee approved under section
18 203(b)(1).

19 “(2) To be eligible for insurance under this subsection,
20 a home improvement loan shall—

21 “(i) not exceed the Commissioner's estimate of the
22 cost of improvement, or \$10,000 per family unit, which-
23 ever is the lesser;

24 “(ii) be limited to an amount which when added
25 to any outstanding indebtedness related to the property

1 (as determined by the Commissioner) creates a total
2 outstanding indebtedness which does not exceed the
3 limits provided in subsection (d)(3) for properties (of
4 the same type) other than new construction;

5 “(iii) bear interest at not to exceed a rate pre-
6 scribed by the Commissioner, but not in excess of 6 per
7 centum per annum of the amount of the principal obli-
8 gation outstanding at any time, and such other charges
9 (including such service charges, appraisal, inspection,
10 and other fees) as may be approved by the Commis-
11 sioner;

12 “(iv) have a maturity satisfactory to the Commis-
13 sioner, but not to exceed twenty years from the be-
14 ginning of amortization of the loan or three-quarters of
15 the remaining economic life of the structure, whichever
16 is the lesser;

17 “(v) comply with such other terms, conditions, and
18 restrictions as the Commissioner may prescribe; and

19 “(vi) represent the obligation of a borrower who
20 is the owner of the property improved, or a lessee of
21 the property under a lease for not less than 99 years
22 which is renewable or under a lease having a period of
23 not less than 50 years to run from the date of the loan.

24 “(3) Any home improvement loan insured under this
25 subsection may be refinanced and extended in accordance

1 with such terms and conditions as the Commissioner may
2 prescribe, but in no event for an additional amount or term in
3 excess of the maximum provided for in this subsection.

4 “(4) There is hereby created a separate Section 220
5 Home Improvement Account to be maintained under the Sec-
6 tion 220 Housing Insurance Fund and to be used by the
7 Commissioner as a revolving fund for carrying out the provi-
8 sions of this subsection. The Commissioner is authorized to
9 transfer to such fund the sum of \$1,000,000 from the War
10 Housing Insurance Fund established pursuant to the provi-
11 sions of section 602 of this Act. Any premium charges, and
12 appraisal and other fees received on account of the insurance of
13 any home improvement loan accepted for insurance under this
14 subsection, and the receipts derived from the sale, collection,
15 deposit, or compromise of any evidence of debt, contract,
16 claim, property, or security assigned to or held by the Com-
17 missioner in connection with the payment of insurance under
18 this subsection, shall be credited to the Section 220 Home Im-
19 provement Account. Insurance claims under this subsection
20 and expenses incurred in the handling, management, renova-
21 tion, and disposal of any properties acquired by the Commis-
22 sioner under this subsection shall be charged to the Section
23 220 Home Improvement Account. General expenses of
24 operation of the Federal Housing Administration and other
25 expenses incurred under this subsection may be charged to

1 the Section 220 Home Improvement Account. Moneys in
2 the Account not needed for the current operation of the Fed-
3 eral Housing Administration under this subsection shall be
4 deposited with the Treasurer of the United States to the
5 credit of the Account, or invested in bonds or other obliga-
6 tions of, or in bonds or other obligations guaranteed as to
7 principal and interest by, the United States. In order to
8 protect the solvency of the Section 220 Home Improve-
9 ment Account, adequate security shall be taken in connec-
10 tion with loans insured under this subsection in such manner
11 as the Commissioner may require.

12 “(5) The Commissioner is authorized to fix a premium
13 charge for the insurance of home improvement loans under
14 this subsection but in the case of any such loan such charge
15 shall not be less than an amount equivalent to one-half of 1 per
16 centum per annum nor more than an amount equivalent to
17 1 per centum per annum of the amount of the principal
18 obligation of the loan outstanding at any time, without taking
19 into account delinquent payments or prepayments. Such
20 premium charges shall be payable by the financial institu-
21 tion either in cash or in debentures (at par plus accrued
22 interest) issued by the Commissioner as obligations of
23 the Section 220 Home Improvement Account, in such
24 manner as may be prescribed by the Commissioner,
25 and the Commissioner may require the payment of one

1 or more such premium charges at the time the loan is
2 insured, at such discount rate as he may prescribe not in
3 excess of the interest rate specified in the loan. If the Com-
4 missioner finds upon presentation of a loan for insurance
5 and the tender of the initial premium charge or charges so
6 required that the loan complies with the provisions of this
7 subsection, such loan may be accepted for insurance by en-
8 dorsement or otherwise as the Commissioner may prescribe.
9 In the event the principal obligation of any loan ac-
10 cepted for insurance under this subsection is paid in full
11 prior to the maturity date, the Commissioner is authorized
12 to refund to the financial institution for the account of the
13 borrower all, or such portions as he shall determine to be
14 equitable, of the current unearned premium charges thereto-
15 fore paid.

16 “(6) In cases of defaults on loans insured under this
17 subsection, upon receiving notice of default, the Commis-
18 sioner, in accordance with such regulations as he may pre-
19 scribe, may acquire the loan and any security therefor upon
20 payment to the financial institution in cash or in debentures
21 (as provided in the loan insurance contract) of a total
22 amount equal to the unpaid principal balance of the loan,
23 plus any accrued interest, any advances approved by the
24 Commissioner made previously by the financial institution
25 under the provisions of the loan instruments, and reimburse-

1 ment for such collection costs, court costs, and attorney
2 fees as may be approved by the Commissioner.

3 “(7) Debentures issued under this subsection shall be
4 executed in the name of the Section 220 Home Improvement
5 Account as obligor, shall be signed by the Commissioner, by
6 either his written or engraved signature, shall be negotiable,
7 and shall be dated as of the date the loan is assigned to the
8 Commissioner and shall bear interest from that date. They
9 shall bear interest at a rate established by the Commissioner
10 pursuant to section 224, payable semiannually on the 1st day
11 of January and the 1st day of July of each year, and shall
12 mature ten years after their date of issuance. They
13 shall be exempt from taxation as provided in section 207(i)
14 with respect to debentures issued under that section. They
15 shall be paid out of the Section 220 Home Improvement Ac-
16 count which shall be primarily liable therefor and they
17 shall be fully and unconditionally guaranteed as to principal
18 and interest by the United States, and the guaranty shall be
19 expressed on the face of the debentures. In the event the
20 Section 220 Home Improvement Account fails to pay upon
21 demand, when due, the principal of or interest on any de-
22 bentures so guaranteed, the Secretary of the Treasury shall
23 pay to the holders the amount thereof which is hereby au-
24 thorized to be appropriated, out of any money in the Treas-
25 ury not otherwise appropriated, and thereupon, to the extent

1 of the amount so paid, the Secretary of the Treasury shall
2 succeed to all the rights of the holders of such debentures.
3 Debentures issued under this subsection shall be in such form
4 and denominations in multiples of \$50, shall be subject to
5 such terms and conditions, and shall include such provisions
6 for redemption, if any, as may be prescribed by the Com-
7 missioner with the approval of the Secretary of the Treasury,
8 and they may be in coupon or registered form. Any differ-
9 ence between the amount of the debentures to which the
10 financial institution is entitled, and the aggregate face value
11 of the debentures issued, not to exceed \$50, shall be adjusted
12 by the payment of cash by the Commissioner to the financial
13 institution from the Section 220 Home Improvement Account.

14 “(8) The provisions of subsections (c), (d), and (h)
15 of section 2 shall apply to home improvement loans insured
16 under this subsection, and for the purposes of this subsection
17 references in subsections (c), (d), and (h) of section 2 to
18 ‘this section’ or ‘this title’ shall be construed to refer to this
19 subsection.

20 “(9)(A) Notwithstanding any other provisions of this
21 Act, no home improvement loan executed in connection with
22 the improvement of a structure for use as rental accommoda-
23 tions for five or more families shall be insured under this sub-
24 section unless the borrower has agreed (i) to certify, upon
25 completion of the improvement and prior to final endorse-

1 *ment of the loan, either that the actual cost of improvement*
2 *equaled or exceeded the proceeds of the home improvement*
3 *loan, or the amount by which the proceeds of the loan ex-*
4 *ceed the actual cost, as the case may be, and (ii) to pay*
5 *forthwith to the financial institution, for application to the*
6 *reduction of the principal of the loan, the amount, if any,*
7 *certified to be in excess of the actual cost of improvement.*
8 *Upon the Commissioner's approval of the borrower's cer-*
9 *tification as required under this paragraph, the certification*
10 *shall be final and incontestable, except for fraud or material*
11 *misrepresentation on the part of the borrower.*

12 *“(B) As used in subparagraph (A), the term ‘actual*
13 *cost’ means the cost to the borrower of the improvement, in-*
14 *cluding the amounts paid for labor, materials, construction*
15 *contracts, off-site public utilities, streets, organization and legal*
16 *expenses, such allocations of general overhead items as are*
17 *acceptable to the Commissioner, and other items of expense*
18 *approved by the Commissioner, plus a reasonable allowance*
19 *for builder's profit if the borrower is also the builder, as*
20 *defined by the Commissioner, and excluding the amount of*
21 *any kickbacks, rebates, or trade discounts received in con-*
22 *nection with the improvement.*

23 *“(10) Notwithstanding any other provision of this Act,*
24 *the Commissioner is authorized and empowered (i) to make*
25 *expenditures and advances out of funds made available by*

1 *this Act to preserve and protect his interest in any security*
 2 *for, or the lien or priority of the lien securing, any loan or*
 3 *other indebtedness owing to, insured by, or acquired by the*
 4 *Commissioner or by the United States under this subsec-*
 5 *tion, or section 2 or 203(k); and (ii) to bid for and to*
 6 *purchase at any foreclosure or other sale or otherwise acquire*
 7 *property pledged, mortgaged, conveyed, attached, or levied*
 8 *upon to secure the payment of any loan or other indebtedness*
 9 *owing to or acquired by the Commissioner or by the United*
 10 *States under this subsection, or section 2 or 203(k). The*
 11 *authority conferred by this paragraph may be exercised*
 12 *as provided in the last sentence of section 204(g)."*

13 (b) *Section 203 of the National Housing Act is*
 14 *amended by—*

15 (1) *striking out in subsection (e) "of the mort-*
 16 *gage" and inserting in lieu thereof "of the loan or mort-*
 17 *gage";*

18 (2) *striking out in subsection (e) "approved*
 19 *mortgagee" each place it appears and inserting in lieu*
 20 *thereof "approved financial institution or approved*
 21 *mortgagee"; and*

22 (3) *adding at the end thereof the following sub-*
 23 *section:*

24 "(k) *To supplement the mortgage insurance provisions*
 25 *of this section in order to assist the conservation, improve-*

1 *ment, and alteration of housing, the Commissioner is author-*
2 *ized to make commitments to insure and to insure a home*
3 *improvement loan (including advances during construction*
4 *or improvement) under this subsection in accordance with*
5 *the provisions of section 220(h), except that (1) the struc-*
6 *tures improved shall be designed for occupancy by not more*
7 *than four families and shall not be required to be located in*
8 *the area of an urban renewal project, (2) the Commissioner*
9 *shall find that the project with respect to which the loan*
10 *is executed is economically sound, (3) all funds received*
11 *and all disbursements made shall be credited or charged, as*
12 *appropriate, to a separate Section 203 Home Improvement*
13 *Account to be maintained as hereinafter provided under the*
14 *Mutual Mortgage Insurance Fund, and (4) insurance bene-*
15 *fits shall be paid in debentures executed in the name of the*
16 *Section 203 Home Improvement Account. For the purposes*
17 *of this subsection, the Commissioner shall have all the author-*
18 *ity provided in section 220(h). Debentures issued with*
19 *respect to loans insured under this subsection shall be issued*
20 *in accordance with sections 220(h)(6) and 220(h)(7),*
21 *except that as applied to those loans references in section*
22 *220(h) to 'this subsection' shall be construed to refer to this*
23 *section 203(k), references to the Section 220 Home Improve-*
24 *ment Account shall be construed to refer to the Section 203*
25 *Home Improvement Account, and references to the Section*

1 *220 Housing Insurance Fund shall be construed to refer to*
 2 *the Mutual Mortgage Insurance Fund. All of the provisions in*
 3 *section 220 (h) (4) relative to the Section 220 Home Improve-*
 4 *ment Account shall be equally applicable to the Section 203*
 5 *Home Improvement Account. There is hereby created a sepa-*
 6 *rate Section 203 Home Improvement Account under the Mu-*
 7 *tual Mortgage Insurance Fund which shall be used by the*
 8 *Commissioner as a revolving fund for carrying out the provi-*
 9 *sions of this subsection, and the Commissioner is authorized to*
 10 *transfer to such Account the sum of \$1,000,000 from the*
 11 *War Housing Insurance Fund established pursuant to the*
 12 *provisions of section 602 of this Act. The provisions of sec-*
 13 *tion 205(c) shall not be applicable to loans insured under*
 14 *this subsection."*

15 *(c) Section 305 of the National Housing Act is amended*
 16 *by adding at the end thereof (after the new subsection added*
 17 *by section 101(c) of this Act) the following new subsection:*

18 *"(i) Notwithstanding any other provision of this Act,*
 19 *the Association is authorized (subject to Presidential action*
 20 *as provided in subsection (a), as limited by subsection (c))*
 21 *to purchase pursuant to commitments or otherwise, and to*
 22 *service, sell, or otherwise deal in, any home improvement loans*
 23 *insured under section 220 (h) of this Act."*

1 *EXPERIMENTAL HOUSING MORTGAGE INSURANCE*

2 *SEC. 103. Title II of the National Housing Act is*
3 *amended by adding at the end thereof the following section:*

4 *“EXPERIMENTAL HOUSING*

5 *“SEC. 233. (a) In order to assist in lowering housing*
6 *costs and improving housing standards, quality, livability, or*
7 *durability or neighborhood design through the utilization*
8 *of advanced housing technology, or experimental property*
9 *standards, the Commissioner is authorized to insure and*
10 *to make commitments to insure, under this section, mort-*
11 *gages (including, in the case of mortgages insured under*
12 *subsection (b)(2) of this section, advances on such mort-*
13 *gages during construction) secured by properties including*
14 *dwellings involving the utilization and testing of advanced*
15 *technology in housing design, materials, or construction, or*
16 *experimental property standards for neighborhood design if*
17 *the Commissioner determines that (1) the property is an*
18 *acceptable risk, giving consideration to the need for testing*
19 *advanced housing technology or experimental property*
20 *standards, (2) the utilization and testing of the advanced*
21 *technology or experimental property standards involved will*
22 *provide data or experience which the Commissioner deems*
23 *to be significant in reducing housing costs or improving hous-*
24 *ing standards, quality, livability, or durability, or improving*
25 *neighborhood design, and (3) the mortgages are eligible for*

1 insurance under the provisions of this section and under any
2 further terms and conditions which may be prescribed by the
3 Commissioner to establish the acceptability of the mortgages
4 for insurance.

5 “(b) To be eligible for insurance under this section a
6 mortgage shall—

7 “(1) meet the requirements of section 203(b),
8 except that the maximum principal obligation of the
9 mortgage as computed under clauses (i), (ii), and
10 (iii) of section 203(b)(2) shall be determined on the
11 basis of the Commissioner’s estimate of the cost of
12 replacing the property using comparable conventional
13 design, materials, and construction rather than value,
14 and the proviso in section 203(b)(8) shall not be
15 applicable to mortgages insured under this section; or

16 “(2) meet the requirements of section 207(b) and
17 section 207(c), except that the maximum principal
18 obligation of the mortgage as computed under section
19 207(c)(2) shall be determined on the basis of the
20 Commissioner’s estimate of the cost of replacing the
21 property using comparable conventional design, mate-
22 rials, and construction rather than value.

23 “(c) The Commissioner may enter into such contracts,
24 agreements, and financial undertakings with the mortgagor
25 and others as he deems necessary or desirable to carry out

1 the purposes of this section, and may expend available funds
2 for such purposes, including the correction (when he deter-
3 mines it necessary to protect the occupants), at any time sub-
4 sequent to insurance of a mortgage, of defects or failures
5 in the dwellings which the Commissioner finds are caused
6 by or related to the advanced housing technology utilized
7 in their design or construction or experimental property
8 standards.

9 “(d) The Commissioner may make such investigations
10 and analyses of data, and publish and distribute such reports,
11 as he determines to be necessary or desirable to assure the
12 most beneficial use of the data and information to be acquired
13 as a result of this section.

14 “(e) Any mortgagee under a mortgage insured under
15 subsection (b)(1) of this section shall be entitled to the
16 benefits of the insurance as provided in section 204(a) with re-
17 spect to mortgages insured under section 203, and the pro-
18 visions of subsections (b), (c), (d), (e), (f), (g), (h), (j),
19 and (k) of section 204 shall apply to the mortgages insured
20 under subsection (b)(1), except that as applied to those
21 mortgages (1) all references therein to the Mutual Mortgage
22 Insurance Fund or the Fund shall be construed to refer to
23 the Experimental Housing Insurance Fund, and (2) all
24 references therein to section 203 shall be construed to refer
25 to this section.

1 “(f) Any mortgagee under a mortgage insured under
2 subsection (b)(2) of this section shall be entitled to the
3 benefits of the insurance as provided in section 207(g) with
4 respect to mortgages insured under section 207, and the pro-
5 visions of subsections (d), (e), (h), (i), (j), (k), (l), (m),
6 (n) and (p) of section 207 shall apply to the mortgages
7 insured under subsection (b)(2) of this section, except that
8 as applied to those mortgages (1) all references therein
9 to the *Housing Insurance Fund*, the *Housing Fund*, or the
10 *Fund* shall be construed to refer to the *Experimental Housing*
11 *Insurance Fund*, and (2) all references therein to ‘this
12 section’ shall be construed to refer to this section 233.

13 “(g) Notwithstanding the provisions of subsections (e)
14 and (f) of this section, in the case of default of any mort-
15 gage insured under this section, the Commissioner in his dis-
16 cretion, in accordance with such regulations as he may pre-
17 scribe, may make payments pursuant to such subsections in
18 cash or in debentures (as provided in the mortgage insurance
19 contract), or may acquire a mortgage loan that is in default
20 and the security therefor upon payment to the mortgagee
21 in cash or in debentures (as provided in the mortgage insur-
22 ance contract) of a total amount equal to the unpaid prin-
23 cipal balance of the loan plus any accrued interest and any
24 advances approved by the Commissioner made previously
25 by the mortgagee under the provisions of the mortgage.

1 After the acquisition of the mortgage by the Commissioner
2 the mortgagee shall have no further rights, liabilities, or
3 obligations with respect to the mortgage. The appropriate
4 provisions of sections 204 and 207 relating to the issuance
5 of debentures shall apply with respect to debentures issued
6 under this subsection, and the appropriate provisions of sec-
7 tions 204 and 207 relating to the rights, liabilities, and
8 obligations of a mortgagee shall apply with respect to the
9 Commissioner when he has acquired an insured mortgage
10 under this subsection, in accordance with and subject to
11 regulations (modifying such provisions to the extent neces-
12 sary to render their application for such purposes appro-
13 priate and effective) which shall be prescribed by the Com-
14 missioner, except that as applied to mortgages insured under
15 this section (1) all references in section 204 to the Mutual
16 Mortgage Insurance Fund or the Fund shall be construed to
17 refer to the Experimental Housing Insurance Fund, (2) all
18 references in section 204 to section 203 shall be construed
19 to refer to this section, and (3) all references in section
20 207 to the Housing Insurance Fund, the Housing Fund, or
21 the Fund shall be construed to refer to the Experimental
22 Housing Insurance Fund.

23 “(h) There is hereby created an Experimental Housing
24 Insurance Fund to be used by the Commissioner as a re-
25 volving fund to carry out the provisions of this section, and

1 the Commissioner is directed to transfer the sum of
 2 \$1,000,000 to the Fund from the War Housing Insurance
 3 Fund created by section 602 of this Act. General expenses
 4 of operation of the Federal Housing Administration and
 5 other expenses incurred under this section may be charged to
 6 the Experimental Housing Insurance Fund.”

7 INDIVIDUALLY OWNED UNITS IN MULTIFAMILY
 8 STRUCTURES

9 SEC. 104. Title II of the National Housing Act is
 10 amended by adding after section 233 (as added by section
 11 103 of this Act) the following section:

12 “MORTGAGE INSURANCE FOR INDIVIDUALLY OWNED UNITS
 13 IN MULTIFAMILY STRUCTURES

14 “SEC. 234. (a) The purpose of this section is to provide
 15 an additional means of increasing the supply of privately
 16 owned dwelling units where, under the laws of the State in
 17 which the property is located, real property title and owner-
 18 ship are established with respect to a one-family unit which
 19 is part of a multifamily structure.

20 “(b) The terms ‘mortgage’, ‘mortgagee’, ‘mortgagor’,
 21 ‘maturity date’, and ‘State’ shall have the meanings respec-
 22 tively set forth in section 201, except that the term ‘mort-
 23 gage’ for the purposes of this section may include a first
 24 mortgage given to secure the unpaid purchase price of a fee
 25 interest in, or a long-term leasehold interest in, a one-

1 family unit in a multifamily structure and an undivided
2 interest in (or share in cooperative ownership of) the com-
3 mon areas and facilities which serve the structure where the
4 mortgage is determined by the Commissioner to be eligible
5 for insurance under this section. The term 'common areas
6 and facilities' as used in this section shall be deemed to in-
7 clude the land and such commercial, community, and other
8 facilities as are approved by the Commissioner.

9 “(c) The Commissioner is authorized, in his discretion
10 and under such terms and conditions as he may prescribe
11 (including the minimum number of family units in the
12 structure which shall be offered for sale and provisions for
13 the protection of the consumer and the public interest), to
14 insure any mortgage covering a one-family unit in a multi-
15 family structure and an undivided interest in (or share in
16 cooperative ownership of) the common areas and facilities
17 which serve the structure, if (1) the mortgage meets the
18 requirements of this section and of section 203(b), except
19 as that section is modified by this section; (2) the
20 structure is or has been covered by a mortgage insured
21 under another section (except section 213) of this Act,
22 notwithstanding any requirements in any such section that
23 the structure be constructed or rehabilitated for the
24 purpose of providing rental housing; and (3) the

1 mortgagor is acquiring a one-family unit for his own
2 use and occupancy and not for speculative purposes.
3 Any project proposed to be constructed or rehabilitated after
4 the date of enactment of the Housing Act of 1961 with the as-
5 sistance of mortgage insurance under this Act, where the
6 sale of family units is to be assisted with mortgage insurance
7 under this section, shall be subject to such requirements as
8 the Commissioner may prescribe. To be eligible for insur-
9 ance pursuant to this section a mortgage shall (A) involve a
10 principal obligation in an amount not to exceed the limits per
11 room and per family dwelling unit provided by section 207
12 (c)(3), and not to exceed the sum of (i) 97 per centum
13 of \$13,500 of the amount which the Commissioner estimates
14 will be the appraised value of the family unit including com-
15 mon areas and facilities as of the date the mortgage is ac-
16 cepted for insurance, (ii) 90 per centum of such value in
17 excess of \$13,500 but not in excess of \$18,000, and
18 (iii) 70 per centum of such value in excess of \$18,000, and
19 (B) have a maturity satisfactory to the Commissioner but
20 not to exceed, in any event, thirty years from the date of the
21 beginning of amortization of the mortgage or three-fourths of
22 the Commissioner's estimate of the remaining economic life
23 of the structure, whichever is the lesser. In determining
24 the amount of a mortgage in the case of a nonoccupant

1 mortgagor the reference to paragraph (2) of section
2 203(b) in section 203(b)(8) shall be construed to refer
3 to the preceding sentence in this section. The mort-
4 gage shall contain such provisions as the Commissioner
5 determines to be necessary for the maintenance of common
6 areas and facilities and the multifamily structure. The mort-
7 gage shall have exclusive right to the use of the one-family
8 unit covered by the mortgage and, together with the owners
9 of other units in the multifamily structure, shall have the
10 right to the use of the common areas and facilities serving
11 the structure and the obligation of maintaining all such com-
12 mon areas and facilities. The Commissioner may require
13 that the rights and obligations of the mortgagor and the
14 owners of other dwelling units in the structure shall be sub-
15 ject to such controls as he determines to be necessary and fea-
16 sible to promote and protect individual owners, the multi-
17 family structure, and its occupants. For the purposes of this
18 section, the Commissioner is authorized in his discretion and
19 under such terms and conditions as he may prescribe to
20 permit one-family units and interests in common areas and
21 facilities in multifamily structures covered by mortgages in-
22 sured under any section of this Act (other than section 213)
23 to be released from the liens of those mortgages.

24 “(d) Any mortgagee under a mortgage insured under
25 this section is entitled to receive the benefits of the insur-

1 *ance as provided in section 204(a) of this Act with re-*
2 *spect to mortgages insured under section 203, and the*
3 *provisions of subsections (b), (c), (d), (e), (f), (g),*
4 *(h), (j), and (k) of section 204 shall be applicable to the*
5 *mortgages insured under this section, except that (1) all*
6 *references in section 204 to the Mutual Mortgage Insurance*
7 *Fund or the Fund shall be construed to refer to the Apart-*
8 *ment Unit Insurance Fund, (2) all references therein to sec-*
9 *tion 203 shall be construed to refer to this section, and (3) the*
10 *excess remaining, referred to in section 204(f)(1), shall be*
11 *retained by the Commissioner and credited to the Apartment*
12 *Unit Insurance Fund.*

13 *“(e) There is hereby created the Apartment Unit In-*
14 *surance Fund which shall be used by the Commissioner as*
15 *a revolving fund for carrying out the provisions of this sec-*
16 *tion. The Commissioner is authorized to transfer to the*
17 *Fund the sum of \$1,000,000 from the War Housing Insur-*
18 *ance Fund established pursuant to the provisions of section*
19 *602 of this Act. General expenses of operation of the Fed-*
20 *eral Housing Administration under this section may be*
21 *charged to the Apartment Unit Insurance Fund. The pro-*
22 *visions of the second and third paragraphs of section 220(g)*
23 *shall be applicable to the Apartment Unit Insurance Fund*
24 *and to this section, all references therein to the Section*
25 *220 Housing Insurance Fund or the Fund shall be construed*

1 to refer to the Apartment Unit Insurance Fund, and all
 2 references therein to 'this section' shall be construed to refer
 3 to this section 234.

4 "(f) The provisions of section 225, 229, and 230 shall
 5 be applicable to the mortgages insured under this section."

6 TITLE II—HOUSING FOR ELDERLY PERSONS 7 AND LOW INCOME FAMILIES

8 HOUSING FOR THE ELDERLY

9 DIRECT LOANS

10 SEC. 201. (a) Section 202 of the Housing Act of 1959
 11 is amended by—

12 (1) inserting in subsection (a)(1) after the words
 13 "private nonprofit corporations" the following: "or con-
 14 sumer cooperatives";

15 (2) striking out in subsection (a)(2) the words
 16 "for the provision of rental housing" and inserting in
 17 lieu thereof the following: "or to any consumer coopera-
 18 tive for the provision of rental or cooperative housing";

19 (3) striking out in subsection (a)(2) "unless the
 20 corporation" and inserting in lieu thereof "unless the
 21 applicant";

22 (4) striking out in subsection (a)(3) "A loan to a
 23 corporation under this section" and inserting in lieu
 24 thereof "A loan under this section"; and

25 (5) striking out in subsection (c)(3) "corporation

1 *undertaking*” and inserting in lieu thereof “*corporation*
2 *or consumer cooperative undertaking*”.

3 *(b) Section 202(a)(3) of such Act is amended by strik-*
4 *ing out “98 per centum of”.*

5 *(c) Section 202(a)(4) of such Act is amended by strik-*
6 *ing out “\$50,000,000” and inserting in lieu thereof “\$150,-*
7 *000,000”, and by striking out the second sentence.*

8 *(d) Section 202(d)(4) of such Act is amended by strik-*
9 *ing out “sixty-two years of age or over” each place it ap-*
10 *pears and inserting in lieu thereof “sixty years of age or*
11 *over”.*

12 *(e) Section 202 of such Act is further amended by add-*
13 *ing at the end thereof the following new subsection:*

14 “*(e) Nothing in this section or in regulations promul-*
15 *gated under this section shall prevent a corporation or*
16 *consumer cooperative from obtaining a loan under this section*
17 *for the provision of housing and related facilities for elderly*
18 *families and elderly persons, notwithstanding the fact that*
19 *such corporation or cooperative has theretofore obtained a*
20 *commitment from the Federal Housing Administration for*
21 *mortgage insurance under section 231 of the National Hous-*
22 *ing Act with respect to the housing involved, if (1) such*
23 *corporation or cooperative is otherwise eligible for such loan*
24 *under this section, (2) such commitment was obtained prior*
25 *to the date of enactment of the Housing Act of 1961, and (3)*

1 the Administrator determines that the financing of such
2 housing through a loan under this section rather than through
3 mortgage insurance under such section 231 is necessary or
4 desirable in order to avoid hardship for the elderly families
5 and elderly persons who are the prospective tenants of such
6 housing.”

7 *LOW-RENT PUBLIC HOUSING*

8 *ELIGIBILITY REQUIREMENT FOR DISABLED PERSONS*

9 *SEC. 202. Section 2 of the United States Housing Act*
10 *of 1937 is amended by striking out the words “has attained*
11 *the age of fifty and” in the second and third sentences of*
12 *paragraph (2).*

13 *ADDITIONAL SUBSIDY FOR ELDERLY TENANTS*

14 *SEC. 203. Section 10(a) of the United States Housing*
15 *Act of 1937 is amended by inserting the following proviso*
16 *before the period at the end of the third sentence thereof:*
17 *“: Provided, That the Authority may, in addition to the pay-*
18 *ments guaranteed under the contract, pay not to exceed \$120*
19 *per annum per dwelling unit occupied by an elderly family*
20 *on the last day of the project fiscal year where such amount,*
21 *in the determination of the Authority, was necessary to enable*
22 *the public housing agency to lease the dwelling unit to the*

1 *elderly family at a rental it could afford and to operate the*
2 *project on a solvent basis”.*

3 *DWELLING UNIT AUTHORIZATION*

4 *SEC. 204. (a) Section 10(e) of the United States Hous-*
5 *ing Act of 1937 is amended by striking out the first three sen-*
6 *tences and inserting in lieu thereof the following: “The Au-*
7 *thority is authorized to enter into contracts for annual contri-*
8 *butions aggregating not more than \$336,000,000 per annum,*
9 *but any such contracts for additional units for any one State*
10 *shall not, after the date of enactment of the Housing Act of*
11 *1961, be entered into for more than 15 per centum of the*
12 *aggregate amount not already guaranteed under contracts*
13 *for annual contributions on such date: Provided, That no such*
14 *new contract for additional units shall be entered into after*
15 *the date of enactment of the Housing Act of 1961 except with*
16 *respect to low-rent housing for a locality respecting which the*
17 *Administrator has made the determination and certification.*
18 *relating to a workable program as prescribed in section*
19 *101(c) of the Housing Act of 1949, and the Authority shall*
20 *enter into only such new contracts for preliminary loans as*
21 *are consistent with the number of dwelling units for which*
22 *contracts for annual contributions may be entered into.”*

1 (b) Section 10(i) of such Act is repealed; and section
2 15(10) of such Act is redesignated as section 10(i) and
3 transferred (as so redesignated) to the place heretofore oc-
4 cupied by the section so repealed.

5 (c) Section 21(d) of such Act is repealed.

6 *EXTENSION OF WAIVER IN CASE OF VETERANS AND*
7 *SERVICEMEN*

8 *SEC. 205. The proviso in section 15(8)(b) of the United*
9 *States Housing Act of 1937 is amended by striking out “Octo-*
10 *ber 1, 1961” and inserting in lieu thereof “October 1, 1965”.*

11 MISCELLANEOUS PUBLIC HOUSING AMENDMENTS

12 *SEC. 206. (a) Section 15 of the United States Housing*
13 *Act of 1937 is amended by—*

14 (1) inserting in paragraph (5) after the second
15 parenthetical clause the following: “on which the com-
16 putation of any annual contributions under this Act may
17 be based”;

18 (2) striking out "\$2,500" in paragraph (5) and
19 inserting in lieu thereof "\$3,000";

(3) striking out paragraph (6), redesignating paragraph (9) as paragraph (6), and transferring paragraph (9), as so redesignated, to the place heretofore occupied by the paragraph so stricken out; and

(4) striking out "or 5 per centum in the case of
any family entitled to a first preference as provided in

section 10(g)" in paragraph (7)(b) and inserting in lieu thereof "except in the case of a family displaced by urban renewal or other governmental action or an elderly family".

(b) Section 10(h) of such Act is amended by inserting the following after the word "project" the third time it appears therein: "(exclusive of any portion thereof which is not assisted by annual contributions under this Act)".

(c) Section 10(j) of such Act is repealed.

TITLE III—URBAN RENEWAL AND PLANNING
INCREASED FEDERAL AID FOR SMALL COMMUNITIES; POOL-
ING GRANTS-IN-AID BETWEEN PROJECTS

SEC. 301. (a) Section 103(a) of the Housing Act of 1949 is amended by inserting "(1)" after "(a)", by striking out the last two sentences, and by inserting at the end thereof the following:

"(2) The aggregate of such capital grants with respect to all of the projects of a local public agency (or of two or more local public agencies in the same municipality) on which contracts for capital grants have been made under this title shall not exceed the total of—

"(A) two-thirds of the aggregate net project costs of all such projects to which neither subparagraph (B) nor subparagraph (C) applies, and

1 “(B) three-fourths of the aggregate net project costs
2 of any of such projects which are located in a munici-
3 pality having a population of fifty thousand or less (one
4 hundred fifty thousand or less in the case of a munici-
5 pality situated in an area which, at the time the contract
6 or contracts involved are entered into or at such earlier
7 time as the Administrator may specify in order to avoid
8 hardship, is designated as a redevelopment area under the
9 second sentence of section 5(a) of the Area Redevelop-
10 ment Act) according to the most recent decennial census,
11 and

12 “(C) three-fourths of the aggregate net project costs
13 of any of such projects (not falling within subparagraph
14 (B)) which the Administrator, upon request, may
15 approve on a three-fourths capital grant basis.

16 “(3) A capital grant with respect to any individual
17 project shall not exceed the difference between the net project
18 cost and the local grants-in-aid actually made with respect
19 to the project.”

20 (b) Section 104 of such Act is amended by striking out
21 the second sentence and inserting in lieu thereof the follow-
22 ing: “Such local grants-in-aid, together with the local grants-
23 in-aid to be provided in connection with all other projects
24 of the local public agency (or two or more local public agen-

1 cies in the same municipality) on which contracts for capital
 2 grants have theretofore been made, shall be at least equal
 3 to the total of one-third of the aggregate net project costs of
 4 such projects undertaken on a two-thirds capital grant basis
 5 and one-fourth of the aggregate net project costs of such
 6 projects undertaken on a three-fourths capital grant basis."

7 (c) The third and fourth sentences of section 110(e) of
 8 such Act are each amended by striking out "pursuant to the
 9 proviso in the second sentence of section 103(a)" and insert-
 10 ing in lieu thereof "pursuant to section 103(a)(2)(C)".

11 CAPITAL GRANT AUTHORIZATION

12 SEC. 302. Section 103(b) of the Housing Act of 1949
 13 is amended by striking out the first sentence and inserting
 14 in lieu thereof the following: "The Administrator may, with
 15 the approval of the President, contract to make grants under
 16 this title aggregating not to exceed \$4,000,000,000."

17 RELOCATION PAYMENTS

18 SEC. 303. Section 106(f)(2) of the Housing Act of
 19 1949 is amended—

20 (1) by inserting after "\$3,000" the following: "(or,
 21 if greater, the total certified actual moving expenses)";
 22 and

23 (2) by inserting "and actual direct losses of prop-
 24 erty" before the period at the end of the last sentence.

1 *FINANCIAL ASSISTANCE FOR DISPLACED BUSINESS*
2 *CONCERNS*

3 *SEC. 304. Section 7(b) of the Small Business Act is*
4 *amended—*

5 *(1) by striking out “and” at the end of paragraph*
6 *(1);*

7 *(2) by striking out the period at the end of para-*
8 *graph (2) and inserting in lieu thereof “; and”; and*

9 *(3) by adding after paragraph (2) a new para-*
10 *graph as follows:*

11 *“(3) to make such loans (either directly or in*
12 *cooperation with banks or other lending institutions*
13 *through agreements to participate on an immediate or*
14 *deferred basis) as the Administration may determine to*
15 *be necessary or appropriate to any small-business con-*
16 *cern if the Administration determines that such concern*
17 *has suffered substantial economic injury (for which*
18 *reimbursement or compensation is not otherwise made,*
19 *exclusive of relocation payments, if any, under section*
20 *106(f) of the Housing Act of 1949) as a result of its*
21 *displacement by an urban renewal project included in an*
22 *urban renewal area respecting which a contract for*
23 *capital grant has been executed under such Act.”*

1 *RESALE OF PROPERTY IN URBAN RENEWAL AREAS FOR*
2 *HOUSING FOR MODERATE INCOME FAMILIES*

3 *SEC. 305. (a) Section 107 of the Housing Act of 1949*
4 *is amended by—*

5 *(1) changing the title thereof to read “PROPERTY*
6 *TO BE USED FOR PUBLIC HOUSING OR HOUSING FOR*
7 *MODERATE INCOME FAMILIES”;*

8 *(2) inserting “(a)” before the first sentence and*
9 *striking out the words “to be” in such sentence;*

10 *(3) striking out “is incorporated” and inserting in*
11 *lieu thereof “was incorporated on or after September 23,*
12 *1959,”; and*

13 *(4) adding at the end thereof the following new*
14 *subsection:*

15 *“(b) Upon approval of the Administrator and subject*
16 *to such conditions as he may determine to be in the public*
17 *interest, any real property held as part of an urban renewal*
18 *project may be made available to (1) a limited dividend*
19 *corporation, nonprofit corporation or association, coopera-*
20 *tive, or public body or agency, or (2) a purchaser who*
21 *would be eligible for a mortgage insured under section 221*
22 *(d)(4) of the National Housing Act, for purchase at*
23 *fair value for use by such purchaser in the provision of new*

1 *or rehabilitated rental or cooperative housing for occupancy*
 2 *by families of moderate income."*

3 (b) Clause (4) of the second sentence of section
 4 110(c) of the Housing Act of 1949 is amended by insert-
 5 ing before the semicolon at the end thereof the following:
 6 "or as provided in section 107".

7 REHABILITATION

8 SEC. 306. (a) The second sentence of section 110(c)
 9 of the Housing Act of 1949 is amended by—

10 (1) striking out "and" at the end of paragraph
 11 (5);

12 (2) striking out the period at the end of paragraph
 13 (6) and inserting in lieu thereof "; and"; and

14 (3) adding after paragraph (6) a new paragraph
 15 as follows:

16 "(7) acquisition and repair or rehabilitation for
 17 guidance purposes, and resale by the local public agency,
 18 of structures which are located in the urban renewal
 19 area and which, under the urban renewal plan, are to
 20 be repaired or rehabilitated for dwelling use or related
 21 facilities: Provided, That the local public agency shall
 22 not acquire for such purposes, in any urban renewal
 23 area, structures which contain or will contain more than
 24 (A) one hundred dwelling units, or (B) 5 per centum
 25 of the total number of dwelling units in such area which,

under the urban renewal plan, are to be repaired or rehabilitated, whichever is the lesser.”

(b) The third sentence of section 110(c) of such Act is amended by inserting after “include” the following: “(except as provided in paragraph (7) above)”.

INCREASE IN NONRESIDENTIAL EXCEPTION

SEC. 307. The fifth sentence of section 110(c) of the Housing Act of 1949 is amended by—

(1) striking out “Housing Act of 1959” and inserting in lieu thereof “Housing Act of 1961”; and

(2) striking out “20 per centum” and inserting in lieu thereof “30 per centum”.

ELIGIBILITY OF CERTAIN LOCAL GRANTS-IN-AID

SEC. 308. Section 110(d) of the Housing Act of 1949 is amended by adding at the end thereof the following new paragraph:

“Notwithstanding the provisions of section 312 of the Housing Act of 1954 or any request previously made by any local public agency pursuant to such section, upon request of the local public agency the eligibility of the local grants-in-aid for any project of such local public agency in connection with which the final capital grant payment has not been made shall be determined in accordance with the provisions of this subsection (and, if applicable, section 112).”

1 *URBAN RENEWAL AREAS INVOLVING COLLEGES,*

2 *UNIVERSITIES, OR HOSPITALS*

3 *SEC. 309. Section 112 of the Housing Act of 1949 is*
4 *amended to read as follows:*

5 *“URBAN RENEWAL AREAS INVOLVING COLLEGES,*

6 *UNIVERSITIES, OR HOSPITALS*

7 *“SEC. 112. (a) In any case where an educational insti-*
8 *tution or a hospital is located in or near an urban renewal*
9 *project area and the governing body of the locality deter-*
10 *mines that, in addition to the elimination of slums and blight*
11 *from such area, the undertaking of an urban renewal project*
12 *in such area will further promote the public welfare and*
13 *the proper development of the community (1) by mak-*
14 *ing land in such area available for disposition, for uses in*
15 *accordance with the urban renewal plan, to such educa-*
16 *tional institution or hospital for redevelopment in accordance*
17 *with the use or uses specified in the urban renewal plan,*
18 *(2) by providing, through the redevelopment of the area in*
19 *accordance with the urban renewal plan, a cohesive neigh-*
20 *borhood environment compatible with the functions and*
21 *needs of such educational institution or hospital, or (3) by*
22 *any combination of the foregoing, the Administrator is au-*
23 *thorized to extend financial assistance under this title for*
24 *an urban renewal project in such area without regard to*
25 *the requirements in section 110 hereof with respect to the*

1 *predominantly residential character or predominantly resi-*
2 *dential reuse of urban renewal areas. The aggregate ex-*
3 *penditures made by any such institution or hospital (di-*
4 *rectly or through a private redevelopment corporation or*
5 *municipal or other public corporation) for the acquisition*
6 *within, adjacent to, or in the immediate vicinity of the*
7 *project area, of land, buildings, and structures to be rede-*
8 *veloped or rehabilitated by such institution for educational*
9 *uses or by such hospital for hospital uses, in accordance with*
10 *the urban renewal plan (or with a development plan pro-*
11 *posed by such institution, hospital, or corporation, found ac-*
12 *ceptable by the Administrator after considering the standards*
13 *specified in section 110(b), and approved under State or*
14 *local law after public hearing) and for the demolition of*
15 *such buildings and structures if, pursuant to such urban re-*
16 *newal or development plan, the land is to be cleared and*
17 *redeveloped, and for the relocation of occupants from build-*
18 *ings and structures to be demolished or rehabilitated, as*
19 *certified by such institution or hospital to the local public*
20 *agency and approved by the Administrator, shall be a local*
21 *grant-in-aid in connection with such urban renewal project:*
22 *Provided, That no such expenditure shall be eligible as a*
23 *local grant-in-aid in any case where the property involved*
24 *is acquired by such educational institution or hospital from*
25 *a local public agency which, in connection with its acquisi-*

1 *tion or disposition of such property, has received, or con-*
2 *tracted to receive, a capital grant pursuant to this title.*

3 *“(b) No expenditure made by any educational institu-*
4 *tion or hospital, as provided in subsection (a), shall be*
5 *deemed ineligible as a local grant-in-aid in connection with*
6 *any urban renewal project if made not more than five years*
7 *prior to the authorization by the Administrator of a contract*
8 *for a loan or capital grant for such project.*

9 *“(c) The aggregate expenditures made by any public*
10 *authority, established by any State, for acquisition, demoli-*
11 *tion, and relocation in connection with land, buildings, and*
12 *structures acquired by such public authority and leased to an*
13 *educational institution for educational uses or to a hospital*
14 *for hospital uses shall be deemed a local grant-in-aid to the*
15 *same extent as if such expenditures had been made directly*
16 *by such educational institution or hospital.*

17 *“(d) As used in this section—*

18 *“(1) the term ‘educational institution’ means any*
19 *educational institution of higher learning, including any*
20 *public educational institution or any private educational*
21 *institution, no part of the net earnings of which inures to*
22 *the benefit of any private shareholder or individual; and*

23 *“(2) the term ‘hospital’ means any hospital licensed*
24 *by the State in which such hospital is located, including*
25 *any public hospital or any nonprofit hospital, no part of*

1 *the net earnings of which inures to the benefit of any*
2 *private shareholder or individual.”*

3 *URBAN PLANNING ASSISTANCE*

4 *SEC. 310. Section 701 of the Housing Act of 1954 is*
5 *amended by—*

6 *(1) striking out “50 per centum” in the first*
7 *sentence of subsection (b) and inserting in lieu thereof*
8 *“two-thirds”;*

9 *(2) striking out “\$20,000,000” in the last sentence*
10 *of subsection (b) and inserting in lieu thereof*
11 *“\$50,000,000”;*

12 *(3) inserting after “public facilities” in clause (1)*
13 *of subsection (d) “, including transportation facilities”;*
14 *and*

15 *(4) adding at the end thereof the following new*
16 *subsection:*

17 *“(f) The consent of the Congress is hereby given to any*
18 *two or more States to enter into agreements or compacts, not*
19 *in conflict with any law of the United States, for coopera-*
20 *tive efforts and mutual assistance in the comprehensive plan-*
21 *ning for the physical growth and development of interstate*
22 *metropolitan or other urban areas, and to establish such*
23 *agencies, joint or otherwise, as they may deem desirable for*
24 *making effective such agreements and compacts.”*

1 *HISTORICAL SITE IN URBAN RENEWAL AREA*

2 *SEC. 311. (a) Notwithstanding section 110(c)(4) of*
3 *the Housing Act of 1949, as amended, or any other provi-*
4 *sion of law, the urban renewal project in Knoxville, Ten-*
5 *nessee, known as the Riverfront-Willow Street redevel-*
6 *opment project, may include the donation by the Knoxville*
7 *Housing Authority to the James White's Fort Association,*
8 *by a suitable instrument of conveyance, of all right, title, and*
9 *interest of the authority in and to the following described*
10 *tract of land, constituting a portion of tract T-2 of the said*
11 *project and containing 0.985 acres more or less:*

12 *Beginning at an iron pin located at the intersection of the*
13 *east property line of Collins Alley and the south property*
14 *line of Rouser Alley; thence in a northerly direction, north*
15 *32 degrees 35 minutes west, 111.0 feet to an iron pin located*
16 *in the east property line of Collins Alley; thence in a west-*
17 *erly direction, south 55 degrees 20 minutes west, 207.0 feet*
18 *to an iron pin; thence in a southwesterly direction, south 35*
19 *degrees 05 minutes west, 80 feet to an iron pin; thence in a*
20 *southerly direction south 27 degrees 25 minutes east, 193.40*
21 *feet to an iron pin located in the north property line of Hill*
22 *Avenue; thence in an easterly direction, north 67 degrees*
23 *43 minutes east, 33.54 feet to an iron pin; thence in an east-*
24 *erly direction, north 60 degrees 02 minutes east, 31.64 feet*
25 *to an iron pin; thence in an easterly direction, north 58 de-*

1 grees 30 minutes 30 seconds east, 53 feet to an iron pin
2 located in the north property line of Hill Avenue; thence in a
3 northerly direction, north 30 degrees 22 minutes 30 seconds
4 west, 134.03 feet to an iron pin; thence in an easterly direc-
5 tion, north 59 degrees 21 minutes 30 seconds east, 175.61
6 feet to the point of beginning.

7 (b) The conveyance authorized to be included in the
8 Riverfront-Willow Street redevelopment project under sub-
9 section (a) of this section shall be made only if the James
10 White's Fort Association represents, and furnishes such
11 assurances as may be required by the Knoxville Housing
12 Authority, that such association (1) will undertake the re-
13 construction on the site conveyed of General James White's
14 cabin and fort, and (2) will develop, preserve, and operate
15 such property on a nonprofit basis as a historical site or
16 monument.

17 CREDIT FOR COST OF SCHOOL CONSTRUCTION

18 SEC. 312. No public facility, the provision of which
19 is otherwise eligible as a local grant-in-aid for any urban
20 renewal project receiving assistance under title I of the
21 Housing Act of 1949 in the city of Roanoke, Virginia, and
22 the construction of which was commenced prior to January 1,
23 1961, shall be deemed to be ineligible as a local grant-in-
24 aid because of any change in the urban renewal plan for
25 such project which is determined by the Housing and Home

1 *Finance Administrator to have resulted from the proposed*
 2 *location within the urban renewal area in which such*
 3 *project was undertaken of a federally aided highway. For*
 4 *the purpose of computing the portion of the cost of any*
 5 *such facility which may be allowed as a local grant-in-aid,*
 6 *the degree of benefit of the facility to such urban renewal*
 7 *area shall be based on the latest estimate of benefit sub-*
 8 *mitted by the local public agency and accepted by the*
 9 *Administrator prior to such change in the urban renewal*
 10 *plan.*

11 *TECHNICAL AMENDMENTS*

12 *SEC. 313. (a) Section 101(c) of the Housing Act of*
 13 *1949 is amended by inserting in clause (1) after "workable*
 14 *program" the words "for community improvement".*

15 *(b) Section 102(a) of such Act is amended by insert-*
 16 *ing in the second proviso after "demolition and removal"*
 17 *the first place it appears the following: ", together with*
 18 *administrative, relocation, and other related costs and pay-*
 19 *ments,".*

20 *(c) Clause (4) of the second sentence of section 110*
 21 *(c) of such Act is amended by striking out "initial".*

22 *PARKS AND RECREATIONAL FACILITIES*

23 *SEC. 314. Section 105(a) of the Housing Act of 1949*
 24 *is amended by striking out "and" preceding clause (iii),*
 25 *and by adding at the end thereof the following: "and (iv)*

1 the urban renewal plan gives due consideration to the pro-
2 vision of adequate park and recreational areas and facilities,
3 as may be desirable for neighborhood improvement, with spe-
4 cial consideration for the health, safety, and welfare of
5 children residing in the general vicinity of the site covered
6 by the plan;”.

7 TITLE IV—COLLEGE HOUSING

8 LOAN AUTHORIZATION

9 SEC. 401. Section 401(d) of the Housing Act of
10 1950 is amended by striking out the first colon and all that
11 follows and inserting in lieu thereof the following: “, which
12 amount shall be increased by \$300,000,000 on July 1 in each
13 of the years 1961 through 1964: Provided, That the amount
14 outstanding for other educational facilities, as defined herein,
15 shall not exceed \$175,000,000, which limit shall be increased
16 by \$30,000,000 on July 1 in each of the years 1961 through
17 1964: Provided further, That the amount outstanding for
18 hospitals, referred to in clause (2) of section 404(b) of this
19 title, shall not exceed \$100,000,000, which limit shall be
20 increased by \$30,000,000 on July 1 in each of the years
21 1961 through 1964.”

22 APPORTIONMENT BY STATES

23 SEC. 402. Section 403 of the Housing Act of 1950 is
24 amended by striking out “10 per centum” and inserting in
25 lieu thereof “12½ per centum”.

1 *HOUSING PROVIDED BY NONPROFIT CORPORATIONS*

2 *SEC. 403. (a) Clause (3) of section 404(b) of the*
3 *Housing Act of 1950 is amended—*

4 *(1) by striking out “established by any institution*
5 *included in clause (1) of this subsection for the sole*
6 *purpose” and inserting in lieu thereof “established for*
7 *the sole purpose”; and*

8 *(2) by striking out “such institution” where it first*
9 *appears and inserting in lieu thereof “one or more in-*
10 *stitutions included in clause (1) of this subsection”.*

11 *(b) Clause (3) of section 404(b) of such Act is further*
12 *amended by striking out “will pass to such institution” and*
13 *inserting in lieu thereof “will pass to such institution (or to*
14 *any one or more of such institutions) unless it is shown to*
15 *the satisfaction of the Administrator that such property or*
16 *the proceeds from its sale will be used for some other non-*
17 *profit educational purpose”.*

18 *(c) Section 404(b) of such Act is further amended by*
19 *adding at the end thereof the following new sentence: “In*
20 *the case of any loan made under section 401 to a corporation*
21 *described in clause (3) of this subsection which was not*
22 *established by the institution or institutions for whose students*

1 or students and faculty it would provide housing, the Ad-
 2 ministrator shall require that the note securing such loan be
 3 co-signed by such institution (or by any one or more of
 4 such institutions)."

5 TITLE V—COMMUNITY FACILITIES

6 PUBLIC FACILITY LOANS

7 SEC. 501. (a)(1) The first paragraph of section 201
 8 of the Housing Amendments of 1955 is amended by striking
 9 out "the States and their political subdivisions" and inserting
 10 in lieu thereof "municipalities and other political subdivisions
 11 of States".

12 (2) The third paragraph of section 201 of such Amend-
 13 ments is amended by striking out "States, municipalities,
 14 or" and inserting in lieu thereof "municipalities and".

15 (3) The first sentence of section 202(a) of such Amend-
 16 ments is amended to read as follows: "The Housing and
 17 Home Finance Administrator, acting through the Commu-
 18 nity Facilities Administration, is authorized to purchase the
 19 securities and obligations of, or make loans to, municipali-
 20 ties and other political subdivisions of States (including
 21 public agencies and instrumentalities of one or more munici-

1 palities or other political subdivisions in the same State), to
2 finance specific projects for public works or facilities under
3 State, municipal, or other applicable law.”

4 (b) Section 202(b)(2) of such Amendments is amended
5 by adding at the end thereof the following new sentence:
6 “Subject to such maximum maturity, the Administrator in his
7 discretion may provide for the postponement of the payment
8 of interest on not more than 50 per centum of any financial
9 assistance extended to an applicant under this section for a
10 period up to ten years where (A) such assistance does not ex-
11 ceed 50 per centum of the development cost of the project in-
12 volved, and (B) it is determined by the Administrator that
13 such applicant will experience above-average population
14 growth and the project would contribute to orderly community
15 development, economy, and efficiency; and any amounts so
16 postponed shall be payable with interest in annual install-
17 ments during the remaining maturity of such assistance.”

18 (c)(1) Section 202(b) of such Amendments is further
19 amended by adding at the end thereof the following new para-
20 graph:

21 “(3) Financial assistance extended under this section
22 shall bear interest at a rate determined by the Administrator
23 which shall be not more than the higher of (A) $2\frac{3}{4}$ per centum
24 per annum, or (B) the total of one-quarter of 1 per centum
25 per annum added to the rate of interest paid by the Adminis-

1 *trator on funds obtained from the Secretary of the Treasury*
2 *as provided in section 203(a)."*

3 *(2) The third sentence of section 203(a) of such Amend-*
4 *ments is amended to read as follows: "Such notes or other*
5 *obligations shall bear interest at a rate determined by the*
6 *Secretary of the Treasury which shall be not more than the*
7 *higher of (1) $2\frac{1}{2}$ per centum per annum, or (2) the average*
8 *annual interest rate on all interest-bearing obligations of*
9 *the United States then forming a part of the public debt as*
10 *computed at the end of the fiscal year next preceding the*
11 *issuance by the Administrator and adjusted to the nearest*
12 *one-eighth of 1 per centum."*

13 *(d) Section 202(b) of such Amendments is further*
14 *amended by adding at the end thereof (after the paragraph*
15 *added by subsection (c)(1) of this section) the following*
16 *new paragraph:*

17 *"(4) No financial assistance shall be extended under this*
18 *section to any municipality or other political subdivision hav-*
19 *ing a population of fifty thousand or more (one hundred fifty*
20 *thousand or more in the case of a community situated in an*
21 *area designated as a redevelopment area under the second*
22 *sentence of section 5(a) of the Area Redevelopment Act)*
23 *according to the most recent decennial census, or to any public*
24 *agency or instrumentality of one or more municipalities or*
25 *other political subdivisions having a population (or an*

1 aggregate population) equal to or exceeding that figure ac-
2 cording to such census.”

3 (e) Section 202(b) of such Amendments is further
4 amended by adding at the end thereof (after the paragraph
5 added by subsection (d) of this section) the following new
6 paragraph:

7 “(5) Financial assistance extended under this section to
8 any applicant with respect to any one project shall not
9 exceed \$10,000,000 outstanding at any one time.”

10 (f) Section 202 of such Amendments is further amended
11 by adding at the end thereof the following new subsection:

12 “(d) The types of public works and facilities for which
13 financial assistance under this section may be extended on
14 and after the date of enactment of the Housing Act of
15 1961 shall be the same as those for which such assistance
16 could be extended in accordance with regulations of the
17 Administrator immediately prior to such date.”

18 (g) Section 203(a) of such Amendments is amended
19 by striking out “\$150,000,000” and inserting in lieu thereof
20 “\$650,000,000”.

21 (h) Title II of such amendments is further amended by
22 adding at the end thereof the following new section:

23 “SEC. 207. The Administrator is authorized to establish
24 technical advisory services to assist municipalities and other

1 *political subdivisions in the budgeting, financing, planning,*
 2 *and construction of community facilities. There are here-*
 3 *by authorized to be appropriated such sums as may be neces-*
 4 *sary, together with any fees that may be charged, to cover*
 5 *the cost of such services."*

6 *ADVANCES FOR PUBLIC WORKS PLANNING*

7 *SEC. 502. Section 702 of the Housing Act of 1954 is*
 8 *amended by—*

9 *(1) striking out in subsection (a) "10" and in-*
 10 *serting in lieu thereof "12 $\frac{1}{2}$ ";*

11 *(2) striking out the first sentence of subsection*
 12 *(b) and inserting in lieu thereof the following: "No*
 13 *advance shall be made hereunder with respect to any*
 14 *individual project, including a regional or metropolitan*
 15 *or other area-wide project, unless (1) it is planned to be*
 16 *constructed within or over a reasonable period of time*
 17 *considering the nature of the project, (2) it conforms to*
 18 *an overall State, local, or regional plan approved by a*
 19 *competent State, local, or regional authority, and (3)*
 20 *the public agency formally contracts with the Federal*
 21 *Government to complete the plan preparation promptly*
 22 *and to repay such advance or part thereof when due.";*

23 *(3) inserting after "1958;" in subsection (e) the*

1 following: “\$10,000,000 which may be made available
2 to such fund on or after July 1, 1961;” and

3 (4) striking out in subsection (e) “\$48,000,000”
4 and inserting in lieu thereof “\$58,000,000”.

5 TITLE VI—AMENDMENTS TO THE NATIONAL
6 HOUSING ACT

7 FEDERAL NATIONAL MORTGAGE ASSOCIATION

8 SPECIAL ASSISTANCE AUTHORIZATION

9 SEC. 601. (a) Section 305(c) of the National Housing
10 Act is amended to read as follows:

11 “(c) The total amount of purchases and commitments
12 authorized by the President pursuant to subsection (a) of
13 this section shall not exceed \$1,700,000,000 outstanding at
14 any one time.”

15 (b) Section 305(g) of such Act is amended by adding
16 before the period at the end thereof the following: “: Provided
17 further, That the authority of the Association to make pur-
18 chases and commitments under this subsection shall terminate
19 on the date of enactment of the Housing Act of 1961, and any
20 portion of the total amount of such authority as specified in
21 the first proviso in this subsection which on such date would
22 otherwise be available for making such purchases and com-
23 mitments shall be transferred to and merged with the author-
24 ity granted by subsection (a) and added to the amount of
25 such authority as specified in subsection (c)”.

1 (c) Section 306 of such Act is amended by adding at the
2 end thereof the following new subsection:

3 “(f) Notwithstanding any of the provisions of this Act
4 or of any other law, an amount equal to the net decrease
5 for the preceding fiscal year in the aggregate principal
6 amount of all mortgages owned by the Association under
7 this section shall, as of July 1 of each of the years 1961
8 through 1964, be transferred to and merged with the author-
9 ity provided under section 305(a), and the amount of such
10 authority as specified in section 305(c) shall be increased
11 by any amounts so transferred.”

12 LIMITATION ON MORTGAGE AMOUNT

13 SEC. 602. (a) Section 302(b) of the National Housing
14 Act is amended by striking out “or 803” and inserting in lieu
15 thereof “or title VIII”.

16 (b) Section 302(b) of such Act is further amended by
17 inserting before “or a mortgage covering property” the fol-
18 lowing: “or insured under section 213 and covering property
19 located in an urban renewal area,”.

20 FEDERAL NATIONAL MORTGAGE ASSOCIATION LENDING
21 AUTHORITY

22 SEC. 603. (a) Section 302(b) of the National Housing
23 Act is amended by striking out “to make commitments” and
24 all that follows down through the first colon and inserting
25 in lieu thereof the following: “, pursuant to commitments or

1 otherwise, to purchase, lend (under section 304) on the se-
2 curity of, service, sell, or otherwise deal in any mortgages
3 which are insured under the National Housing Act, or which
4 are insured or guaranteed under the Servicemen's Readjust-
5 ment Act of 1944 or chapter 37 of title 38, United States
6 Code.”.

7 (b) The first sentence of section 303(b) of such Act is
8 amended by inserting immediately before the period at the
9 end thereof the following: “; and by requiring each borrower
10 to make such payments, equal to not more than one-half of
11 1 per centum of the amount lent by the Association to such
12 borrower under section 304”.

13 (c) Section 303(c) of such Act is amended by striking
14 out the first sentence and by inserting in lieu thereof the
15 following: “The Association shall issue from time to time,
16 to each mortgage seller or borrower, its common stock (only
17 in denominations of \$100 or multiples thereof) evidencing
18 any capital contributions (adjusted by reason of any pay-
19 ments into surplus required by the Association) made by
20 such seller or borrower pursuant to subsection (b) of this
21 section.”

22 (d) Section 304(a) of such Act is amended by inserting
23 “(1)” before “To carry out”, and by adding at the end
24 thereof the following new paragraph:

1 “(2) In the further interest of assuring sound operation,
2 any loan made by the Association in its secondary market op-
3 erations under this section, and any extension or renewal
4 thereof, shall not exceed 80 per centum of the unpaid princi-
5 pal balances of the mortgages securing the loan, and shall bear
6 interest at a rate consistent with general loan policies estab-
7 lished from time to time by the Association’s board of direc-
8 tors. Any such loan shall mature in not more than twelve
9 months and the term of any extension or renewal shall not ex-
10 ceed twelve months. The volume of the Association’s lending
11 activities and the establishment of its loan ratios, interest rates,
12 maturities, and charges or fees, in its secondary market oper-
13 ations under this section, should be determined by the Asso-
14 ciation from time to time; and such determinations, in con-
15 junction with determinations made under paragraph (1),
16 should be consistent with the objectives that the lending ac-
17 tivities should be conducted on such terms as will reason-
18 ably prevent excessive use of the Association’s facilities, and
19 that the operations of the Association under this section should
20 be within its income derived from such operations and that
21 such operations should be fully self-supporting. Notwith-
22 standing any Federal, State, or other law to the contrary,
23 the Association is hereby empowered, in connection with any
24 loan under this section, whether before or after any default,
25 to provide by contract with the borrower for the settlement

1 or extinguishment, upon default, of any redemption, equita-
 2 ble, legal, or other right, title, or interest of the borrower in
 3 any mortgage or mortgages that constitute the security for
 4 the loan; and with respect to any such loan, in the event of
 5 default and pursuant otherwise to the terms of the contract,
 6 the mortgages that constitute such security shall become the
 7 absolute property of the Association.”

8 (e) Section 304(b), section 309(c) and section 310
 9 of such Act are each amended by inserting “or other secu-
 10 rity holdings” after “mortgages”.

11 *FHA INSURANCE PROGRAMS*

12 *LIMITATIONS ON INSURANCE AUTHORIZATIONS*

13 *SEC. 604. (a) Section 2(a) of the National Housing*
 14 *Act is amended by striking out in the first sentence “1961”*
 15 *and inserting in lieu thereof “1965”.*

16 (b) Section 203(a) of such Act is amended by strik-
 17 ing out the colon and all that follows the colon and inserting
 18 in lieu thereof a period.

19 (c) Section 217 of such Act is amended—

20 (1) by striking out “all mortgages which may be
 21 insured” and inserting in lieu thereof “all mortgages and
 22 loans which may be insured”;

23 (2) by striking out “shall not exceed” and the
 24 remainder of the first paragraph and inserting in lieu
 25 thereof the following: “after October 1, 1965, shall

not exceed the sum of (1) the outstanding principal balances as of that date of all insured mortgages and loans (as estimated by the Commissioner based on scheduled amortization payments without taking into consideration prepayments or delinquencies), and (2) the principal amount of all outstanding commitments to insure on that date.”;

(3) by inserting “after October 1, 1965” before the period at the end of the first sentence in the third paragraph; and

(4) by striking out “hereafter” in the second sentence of the third paragraph and inserting in lieu thereof “after that date”.

(d) Section 803(a) of such Act is amended by striking out “1961” and inserting in lieu thereof “1962”.

SECTION 203 RESIDENTIAL HOUSING INSURANCE

SEC. 605. (a) Section 203(b)(2) of such Act is amended—

(1) by striking out “\$13,500” each place it appears and inserting in lieu thereof “\$15,000”;

(2) by striking out “\$18,000” each place it appears and inserting in lieu thereof “\$20,000”; and

(3) by striking out “70 per centum” and inserting in lieu thereof “75 per centum”.

(b) Section 203(b)(2) of such Act is amended by

1 *striking out all that precedes “or \$35,000” and inserting in*
 2 *lieu thereof the following:*

3 *“(2) Involve a principal obligation (including such*
 4 *initial service charges, appraisal, inspection, and other fees*
 5 *as the Commissioner shall approve) in an amount not to*
 6 *exceed \$27,500 in the case of property upon which there*
 7 *is located a dwelling designed principally for a one-, two-, or*
 8 *three-family residence (whether or not such residence may be*
 9 *intended to be rented temporarily for school purposes);”.*

10 *(c) Section 203(b)(3) of such Act is amended by*
 11 *striking out “thirty years” and inserting in lieu thereof*
 12 *“forty years”.*

13 *AUTHORITY TO REDUCE PREMIUM CHARGES*

14 *SEC. 606. The first sentence of section 203(c) of the*
 15 *National Housing Act is amended to read as follows: “The*
 16 *Commissioner is authorized to fix premium charges for the*
 17 *insurance of mortgages under the separate sections of this*
 18 *title but in the case of any mortgage such charge shall be*
 19 *not less than an amount equivalent to one-fourth of 1 per*
 20 *centum per annum nor more than an amount equivalent to*
 21 *1 per centum per annum of the amount of the principal*
 22 *obligation of the mortgage outstanding at any time, without*
 23 *taking into account delinquent payments or prepayments:*
 24 *Provided, That any reduced premium charge so fixed and*
 25 *computed may, in the discretion of the Commissioner, also*

1 *be made applicable in such manner as the Commissioner*
2 *shall prescribe to each insured mortgage outstanding under*
3 *the section or sections involved at the time the reduced pre-*
4 *mium charge is fixed."*

5 *SECTION 207 RENTAL HOUSING INSURANCE*

6 *SEC. 607. Section 207 of the National Housing Act is*
7 *amended by—*

8 *(1) striking out the first paragraph of subsection*
9 *(b)(2) and inserting in lieu thereof the following:*

10 *"(2) any other mortgagor approved by the Commis-*
11 *sioner which, until the termination of all obligations of the*
12 *Commissioner under the insurance and during such further*
13 *period of time as the Commissioner shall be the owner, holder,*
14 *or reinsurer of the mortgage, is regulated or restricted by the*
15 *Commissioner as to rents or sales, charges, capital structure,*
16 *rate of return, and methods of operation to such extent and*
17 *and in such manner as to provide reasonable rentals to*
18 *tenants and a reasonable return on the investment. The Com-*
19 *missioner may make such contracts with and acquire, for not*
20 *to exceed \$100, such stock or interest in the mortgagor as he*
21 *may deem necessary to render effective the regulations or re-*
22 *strictions. The stock or interest acquired by the Commis-*
23 *sioner shall be paid for out of the Housing Fund, and shall*
24 *be redeemed by the mortgagor at par upon the termination*
25 *of all obligations of the Commissioner under the insurance."*;

1 (2) inserting in subsection (c)(3) after the words
2 “attributable to dwelling use” the following: “(excluding
3 exterior land improvements as defined by the Commis-
4 sioner)”;

5 (3) striking out “\$1,500 per space” in subsection
6 (c)(3) and inserting in lieu thereof “\$1,800 per space”;
7 and

8 (4) inserting in the first sentence of subsection (i)
9 after the words “of this section” the following: “, ex-
10 cept that debentures issued pursuant to the provisions of
11 section 220(f), 221(g), and section 233 may be dated
12 as of the date the mortgage is assigned (or the property
13 is conveyed) to the Commissioner”.

14 SECTION 213 COOPERATIVE HOUSING INSURANCE

15 SEC. 608. (a) Section 213 of the National Housing Act
16 is amended by—

17 (1) inserting in paragraph (2) of subsection (b)
18 after the words “as may be attributable to dwelling use”
19 the following: “(excluding exterior land improvements
20 as defined by the Commissioner)”;

21 (2) striking out “eight or more family units” in
22 subsection (d) and inserting in lieu thereof “five or
23 more family units”; and

24 (3) striking out in subsection (h) “such mortgagor
25 shall not thereafter be eligible by reason of such para-

graph (3) for insurance of any additional mortgage loans pursuant to this section” and inserting in lieu thereof the following: “the Commissioner is authorized to refuse, for such period of time as he shall deem appropriate under the circumstances, to insure under this section any additional investor-sponsor type mortgage loans made to such mortgagor or to any other investor-sponsor mortgagor where, in the determination of the Commissioner, any of its stockholders were identified with such mortgagor”.

(b) Section 213(b)(2) of such Act is amended by adding at the end thereof the following new sentence: “In determining the economic feasibility of a project in the case of a mortgagor of the character described in paragraph (3) of subsection (a), the sole test of such feasibility shall be the availability of people in the community who need the housing to be provided by the project and who can afford such housing at the monthly charges applicable under its continued use as a cooperative.”

(c) Section 213 of such Act is further amended by adding at the end thereof the following new subsection:

“(j)(1) With respect to any property covered by a mortgage insured under this section, the Commissioner is authorized, upon such terms and conditions as he may prescribe, to make commitments to insure and to insure sup-

1 *plementary cooperative loans (including advances during*
2 *construction or improvement) made by financial institu-*
3 *tions approved by the Commissioner. As used in this sub-*
4 *section, 'supplementary cooperative loan' means a loan, ad-*
5 *vance of credit, or purchase of an obligation representing a*
6 *loan or advance of credit made for the purpose of financing*
7 *any of the following:*

8 “(A) *Improvements or repairs of the property cov-*
9 *ered by such mortgage; or*

10 “(B) *Community facilities necessary to serve the*
11 *occupants of the property.*

12 “(2) *To be eligible for insurance under this subsection,*
13 *a supplementary cooperative loan shall—*

14 “(A) *be limited to an amount which, when added*
15 *to the outstanding mortgage indebtedness on the property,*
16 *creates a total outstanding indebtedness which does not*
17 *exceed the original principal obligation of the mortgage;*

18 “(B) *have a maturity satisfactory to the Commis-*
19 *sioner but not to exceed the remaining term of the mort-*
20 *gage;*

21 “(C) *be secured in such manner as the Commis-*
22 *sioner may require;*

23 “(D) *contain such other terms, conditions, and re-*
24 *strictions as the Commissioner may prescribe; and*

1 “(E) represent the obligation of a borrower of the
2 character described in paragraph (1) of subsection (a).”
3 (d) Section 305(e) of such Act is amended
4 by adding at the end thereof the following new sen-
5 tences: “Whenever the Federal Housing Commissioner
6 shall have issued pursuant to section 213 a statement of
7 feasibility on a project including an estimate as to the maxi-
8 mum amount of the mortgage involved, and an application
9 for mortgage insurance under such section is thereafter
10 filed with the Commissioner with respect to such project, the
11 Association is authorized to enter into a commitment con-
12 tract to reserve funds for the purchase of such mortgage;
13 and such reservation shall be for such period as may be
14 certified by the Commissioner as being necessary, taking
15 into account the estimated time required to issue a commit-
16 ment for mortgage insurance. The Association, at the time
17 the Commissioner issues a commitment to insure such mort-
18 gage, may impose a charge equal to one-half of the fee which
19 would be payable to it under the last sentence of subsection
20 (b) of this section at the time of the issuance of its advance
21 commitment to purchase the mortgage, with the amount of
22 such charge being credited toward such fee if and when the
23 advance commitment is later issued by the Association.”

1 *SECTION 220 SALES HOUSING MORTGAGE INSURANCE*

2 *SEC. 609. (a) Section 220(d)(3)(A)(i) of the Na-*
 3 *tional Housing Act is amended—*

4 *(1) by striking out “\$13,500” each place it ap-*
 5 *pears and inserting in lieu thereof “\$15,000”;*

6 *(2) by striking out “\$18,000” each place it appears*
 7 *and inserting in lieu thereof “\$20,000”; and*

8 *(3) by striking out “70 per centum” and inserting*
 9 *in lieu thereof “75 per centum”.*

10 *(b) Section 220(d)(3)(A) of such Act is further*
 11 *amended by striking out all that precedes “or \$35,000” and*
 12 *inserting in lieu thereof the following:*

13 *“(A)(i) involve a principal obligation (including*
 14 *such initial service charges, appraisal, inspection, and*
 15 *other fees as the Commissioner shall approve) in an*
 16 *amount not to exceed \$27,500 in the case of property*
 17 *upon which there is located a dwelling designed princi-*
 18 *pally for a one-, two-, or three-family residence;”.*

19 *NURSING HOMES*

20 *SEC. 610. Section 232(d)(2) of the National Housing*
 21 *Act is amended by striking out the words following the comma*
 22 *and inserting in lieu thereof the following: “and not to*
 23 *exceed 90 per centum of the estimated value of the property*
 24 *or project when the proposed improvements are completed.”*

HOUSING FOR DEFENSE-IMPACTED AREAS

SEC. 611. (a) Section 810(l) of the National Housing Act is repealed.

(b)(1) Section 305 of such Act is amended by adding at the end thereof (after the new subsection added by section 102(c) of this Act) the following new subsection:

“(j) Notwithstanding any other provision of this Act, the Association is authorized to make commitments to purchase, and to purchase, service, or sell, any mortgage or participation therein which is insured under section 810; but the total amount of purchases and commitments authorized by this subsection shall not exceed \$25,000,000 outstanding at any one time.”

(2) Section 305(f) of such Act is amended by striking out “title VIII of this Act” and inserting in lieu thereof “section 803 or 809 of this Act”.

(c) Section 406(a) of the Act of August 30, 1957 (71 Stat. 556), is amended by striking out “, and no certificates with respect to any family housing units shall be issued by the Secretary of Defense or his designee under section 810 of the National Housing Act, as amended,”.

MISCELLANEOUS FHA AMENDMENTS

SEC. 612. (a) Section 203 of the National Housing Act is amended by—

1 (1) striking out in subsection (b)(3) the words
2 “insurance of the mortgage” and inserting in lieu there-
3 of “beginning of amortization of the mortgage”, and

4 (2) striking out in the first proviso of the second
5 sentence of subsection (c) the words “particular insur-
6 ance fund” and inserting in lieu thereof “particular in-
7 surance fund or account”.

8 (b) The second sentence of section 204(d) of such Act
9 is amended by inserting after “mortgagee after default,” the
10 following: “except that debentures issued pursuant to the pro-
11 visions of section 220(f), section 221(g), and section 233
12 may be dated as of the date the mortgage is assigned (or
13 the property is conveyed) to the Commissioner,”.

14 (c) The last sentence of section 204(g) of such Act is
15 amended to read as follows: “The power to convey and to
16 execute in the name of the Commissioner deeds of convey-
17 ance, deeds of release, assignments and satisfactions of mort-
18 gages, and any other written instrument relating to real or
19 personal property or any interest therein heretofore or here-
20 after acquired by the Commissioner pursuant to the provi-
21 sions of this Act, may be exercised by the Commissioner or
22 by any Assistant Commissioner appointed by him, without
23 the execution of any express delegation of power or power of
24 attorney: Provided, That nothing in this subsection shall be

1 construed to prevent the Commissioner from delegating such
2 power by order or by power of attorney, in his discretion, to
3 any officer, agent, or employee he may appoint: And pro-
4 vided further, That a conveyance or transfer of title to real
5 or personal property or an interest therein to the Federal
6 Housing Commissioner, his successors and assigns, without
7 identifying the Commissioner therein, shall be deemed a
8 proper conveyance or transfer to the same extent and of like
9 effect as if the Commissioner were personally named in such
10 conveyance or transfer.”

11 (d) Section 209 of such Act is amended by striking out
12 in the second sentence “shall be charged as a general ex-
13 pense of the Fund, the Housing Fund, and the Defense
14 Housing Insurance Fund in such proportion as the Com-
15 missioner shall determine” and inserting in lieu thereof
16 “shall be charged as a general expense of such insurance
17 fund or funds, or account or accounts, as the Commissioner
18 shall determine”.

19 (e) Section 212 of such Act is amended by—

20 (1) striking out in the second sentence of subsec-
21 tion (a) “any mortgage under section 220” and insert-
22 ing in lieu thereof “any loan or mortgage under section
23 220 or section 233”; and

24 (2) striking out in the third sentence of subsection

1 (a) “in subsection (d)(4)” and inserting in lieu there-
2 of “in subsection (d)(3) in the case of a cooperative or
3 a limited profit mortgagor, or in subsection (d)(4)”.

4 (f) Section 219 of such Act is amended to read as
5 follows:

6 “SEC. 219. Notwithstanding any limitations contained in
7 other sections of this Act as to the use of moneys credited to
8 the Title I Insurance Account, the Title I Housing Insurance
9 Fund, the Section 203 Home Improvement Account, the
10 Housing Insurance Fund, the War Housing Insurance Fund,
11 the Housing Investment Insurance Fund, the Armed Serv-
12 ices Housing Mortgage Insurance Fund, the National De-
13 fense Housing Insurance Fund, the Section 220 Housing
14 Insurance Fund, the Section 220 Home Improvement Ac-
15 count, the Section 221 Housing Insurance Fund, the Ex-
16 perimental Housing Insurance Fund, the Apartment Unit
17 Insurance Fund, or the Servicemen’s Mortgage Insurance
18 Fund, the Commissioner is hereby authorized to transfer
19 funds from any one or more of such insurance funds or ac-
20 counts to any other such fund or account in such amounts
21 and at such times as the Commissioner may determine, tak-
22 ing into consideration the requirements of such funds or ac-
23 counts, separately and jointly to carry out effectively the
24 insurance programs for which such funds or accounts were
25 established.”

1 (g) Section 220(f) of such Act is amended by—

2 (1) striking out “or” at the end of paragraph (1),

3 (2) striking out the period at the end of paragraph
4 (2) and inserting in lieu thereof “; or”, and

5 (3) adding at the end thereof the following:

6 “(3) as to mortgages meeting the requirements of this
7 section that are insured or initially endorsed for insur-
8 ance on or after the date of enactment of the Housing Act
9 of 1961, notwithstanding the provisions of paragraphs
10 (1) and (2) of this subsection, the Commissioner in his
11 discretion, in accordance with such regulations as he may
12 prescribe, may make payments pursuant to such para-
13 graphs in cash or in debentures (as provided in the mort-
14 gage insurance contract), or may acquire a mortgage
15 loan that is in default and the security therefor upon pay-
16 ment to the mortgagee in cash or in debentures (as pro-
17 vided in the mortgage insurance contract) of a total
18 amount equal to the unpaid principal balance of the loan
19 plus any accrued interest and any advances approved by
20 the Commissioner and made previously by the mortgagee
21 under the provisions of the mortgage. After the acquisi-
22 tion of the mortgage by the Commissioner the mortgagee
23 shall have no further rights, liabilities, or obligations with
24 respect to the loan or the security for the loan. The ap-
25 propriate provisions of sections 204 and 207 relating to

1 *the rights, liabilities, and obligations of a mortgagee shall*
 2 *apply with respect to the Commissioner when he has ac-*
 3 *quired an insured mortgage under this paragraph, in*
 4 *accordance with and subject to regulations (modifying*
 5 *such provisions to the extent necessary to render their*
 6 *application for such purposes appropriate and effective)*
 7 *which shall be prescribed by the Commissioner, except*
 8 *that as applied to mortgages so acquired (A) all refer-*
 9 *ences in section 204 to the Mutual Mortgage Insurance*
 10 *Fund or the Fund shall be construed to refer to the*
 11 *Section 220 Housing Insurance Fund, (B) all refer-*
 12 *ences in section 204 to section 203 shall be construed to*
 13 *refer to this section, and (C) all references in section 207*
 14 *to the Housing Insurance Fund, the Housing Fund, or*
 15 *the Fund shall be construed to refer to the Section 220*
 16 *Housing Insurance Fund."*

17 *(h)(1) Section 223(a) of such Act is amended by strik-*
 18 *ing out "213, or 222" each place it appears and inserting in*
 19 *lieu thereof "213, 220, 221, 222, 231, 232, or 233".*

20 *(2) Section 223(a)(7) of such Act is amended—*

21 *(A) by striking out "section 903 or section 908 of*
 22 *title IX" and inserting in lieu thereof "section 220, 221,*
 23 *903, or 908"; and*

24 *(B) by striking out "insured under section 608 or*
 25 *908".*

1 (3) Section 223 of such Act is further amended by add-
2 ing at the end thereof the following new subsection:

3 “(d) With respect to any mortgage, other than a mort-
4 gage covering a one- to four-family structure, heretofore or
5 hereafter insured by the Commissioner, and notwithstanding
6 any other provision of this Act, when the taxes, interest on
7 the mortgage debt, mortgage insurance premiums, hazard in-
8 surance premiums, and the expense of maintenance and
9 operation of the project covered by such mortgage during
10 the first two years following the date of completion of the
11 project, as determined by the Commissioner, exceed the
12 project income, the Commissioner may, in his discretion and
13 upon such terms and conditions as he may prescribe, permit
14 the excess of the foregoing expenses over the project income
15 to be added to the amount of such mortgage, and extend the
16 coverage of the mortgage insurance thereto, and such addi-
17 tional amount shall be deemed to be part of the original face
18 amount of the mortgage.”

19 (i) The first sentence of section 224 of such Act is
20 amended to read as follows: “Notwithstanding any other
21 provisions of this Act, debentures issued under any section
22 of this Act with respect to a loan or mortgage accepted for
23 insurance on or after thirty days following the effective date
24 of the Housing Act of 1954 (except debentures issued pur-
25 suant to paragraph (4) of section 221(g)) shall bear in-

1 *terest at the rate in effect on the date the commitment to in-*
 2 *sure the loan or mortgage was issued, or the date the loan*
 3 *or mortgage was endorsed for insurance, or (when there are*
 4 *two or more insurance endorsements) the date the loan or*
 5 *mortgage was initially endorsed for insurance, whichever*
 6 *rate is the highest, except that debentures issued pursuant*
 7 *to section 220(f), section 220(h)(7), section 221(g), or*
 8 *section 233 may, at the discretion of the Commissioner, bear*
 9 *interest at the rate in effect on the date they are issued."*

10 (j) *Section 226 of such Act is amended by—*

11 (1) *striking out in the first sentence "222, or" and*
 12 *inserting in lieu thereof "222, 233, 234, or"; and*

13 (2) *striking out in the third sentence the words "that*
 14 *a written statement setting forth such estimate" and in-*
 15 *serting in lieu thereof the following: "or on the basis of*
 16 *any other estimates of the Commissioner, that a written*
 17 *statement setting forth such estimate or estimates, as the*
 18 *case may be,".*

19 (k) *Section 227 of such Act is amended by—*

20 (1) *striking out in subsection (a) "or (vi) under*
 21 *section 810 if the mortgage meets the requirements of*
 22 *subsection (f)" and inserting in lieu thereof "(vi) un-*
 23 *der section 233 if the mortgage meets the requirements*
 24 *of subsection (b)(2), or (vii) under section 810 if the*
 25 *mortgage meets the requirements of subsection (f)";*

(2) striking out in subsection (b) the word "value" and inserting in lieu thereof "value, cost,"; and

(3) striking out in the second and third sentences of subsection (c) "section 221 if the mortgage meets the requirements of paragraph (4) of subsection (d) thereof, or section 231," and inserting in lieu thereof "section 221(d)(3), section 221(d)(4), section 231, or section 233(b)(2),".

(l) Section 229 of such Act is amended to read as follows:

"VOLUNTARY TERMINATION OF INSURANCE

"SEC. 229. Notwithstanding any other provision of this Act and with respect to any loan or mortgage heretofore or hereafter insured under this Act, except under section 2, the Commissioner is authorized to terminate any insurance contract upon request by the borrower or mortgagor and the financial institution or mortgagee and upon payment of such termination charge as the Commissioner determines to be equitable, taking into consideration the necessity of protecting the various insurance Funds and Accounts. Upon such termination, borrowers and mortgagors and financial institutions and mortgagees shall be entitled to the rights, if any, to which they would be entitled under this Act if the insurance contract were terminated by payment in full of the insured loan or mortgage."

1 (m) Section 231(c)(2) of such Act is amended to read
2 as follows:

3 “(2) not exceed, for such part of such property or
4 project as may be attributable to dwelling use (excluding
5 exterior land improvements as defined by the Commis-
6 sioner), \$2,250 per room (or \$9,000 per family unit if
7 the number of rooms in such property or project is less
8 than four per family unit): Provided, That as to proj-
9 ects to consist of elevator type structures, the Commis-
10 sioner may, in his discretion, increase the dollar amount
11 limitation of \$2,250 per room to not to exceed \$2,750
12 per room and the dollar amount limitation of \$9,000
13 per family unit to not to exceed \$9,400 per family unit,
14 as the case may be, to compensate for the higher costs
15 incident to the construction of elevator-type structures of
16 sound standards of construction and design; except that
17 the Commissioner may, by regulation, increase any of the
18 foregoing dollar amount limitations contained in this
19 paragraph by not to exceed \$1,250 per room, without
20 regard to the number of rooms being less than four, or
21 four or more, in any geographical area where he finds
22 that cost levels so require;”.

*TITLE VII—OPEN SPACE AND LAND
DEVELOPMENT*

PART 1—PERMANENT OPEN LAND

FINDINGS AND PURPOSE

SEC. 701. (a) The Congress finds that a combination of economic, social, governmental, and technological forces have caused a rapid expansion of the Nation's urban areas, which has created critical problems of service and finance for all levels of government and which, combined with a rapid population growth in such areas, threatens severe problems of urban and suburban living, including the loss of valuable open-space land in such areas, for the preponderant majority of the Nation's present and future population.

(b) It is the purpose of this part to help curb urban sprawl and prevent the spread of urban blight and deterioration, to encourage more economic and desirable urban development, and to help provide necessary recreational, conservation, and scenic areas by assisting State and local governments in taking prompt action to preserve open-space land which is essential to the proper long-range development and welfare of the Nation's urban areas, in accordance with plans for the allocation of such land for open-space purposes.

FEDERAL GRANTS

1
2 *SEC. 702. (a) In order to encourage and assist in the*
3 *timely acquisition of land to be used as permanent open-*
4 *space land, as defined herein, the Housing and Home*
5 *Finance Administrator (hereinafter referred to as the*
6 *“Administrator”)* is authorized to make grants to State and
7 *local public bodies acceptable to the Administrator as capa-*
8 *ble of carrying out the provisions of this part to help finance*
9 *the acquisition of title to, or other permanent interests in,*
10 *such land. The amount of any such grant shall not exceed*
11 *20 per centum of the total cost, as approved by the Adminis-*
12 *trator, of acquiring such interests: Provided, That this limita-*
13 *tion may be increased to not to exceed 30 per centum in the*
14 *case of a grant extended to a public body which (1) exer-*
15 *cises responsibilities consistent with the purposes of this*
16 *part for an urban area as a whole, or (2) exercises or par-*
17 *ticipates in the exercise of such responsibilities for all or a*
18 *substantial portion of an urban area pursuant to an inter-*
19 *state or other intergovernmental compact or agreement.*

20 *(b) The Administrator may make grants under this part*
21 *aggregating not to exceed \$100,000,000. There are hereby*
22 *authorized to be appropriated, out of any moneys in the*
23 *Treasury not otherwise appropriated, the amounts necessary*
24 *to provide for such payments as well as to carry out all other*
25 *purposes of this part.*

1 (c) No grants under this part shall be used to defray
2 development costs or ordinary State or local governmental
3 expenses, or to help finance the acquisition by a public body
4 of land located outside the urban area for which it exercises
5 (or participates in the exercise of) responsibilities consistent
6 with the purpose of this part.

7 (d) The Administrator may set such further terms and
8 conditions for assistance under this part as he determines to
9 be desirable.

10 (e) The Administrator shall consult with the Secre-
11 tary of the Interior on the general policies to be followed in
12 reviewing applications for grants. To assist the Adminis-
13 trator in such review, the Secretary of the Interior shall fur-
14 nish him appropriate information on the status of recrea-
15 tional planning for the areas to be served by the open-space
16 land acquired with the grants. The Administrator shall
17 provide current information to the Secretary from time to
18 time on significant program developments.

19 PLANNING REQUIREMENTS

20 SEC. 703. (a) The Administrator shall make grants for
21 the acquisition of land under this part only if he finds that
22 (1) the proposed use of the land for permanent open space
23 is important to the execution of a comprehensive plan for
24 the urban area meeting criteria he has established for such
25 plans, and (2) a program of comprehensive planning (as

1 defined in section 701(d) of the Housing Act of 1954) is
2 being actively carried on for the urban area.

3 (b) In extending financial assistance under this part, the
4 Administrator shall take such action as he deems appro-
5 priate to assure that local governing bodies are preserving
6 a maximum of open-space land, with a minimum of cost,
7 through the use of existing public land; the use of special tax,
8 zoning, and subdivision provisions; and the continuation of
9 appropriate private use of open-space land through acquisi-
10 tion and leaseback, the acquisition of restrictive easements,
11 and other available means.

12 CONVERSIONS TO OTHER USES

13 SEC. 704. No open-space land for which a grant has
14 been made under this part shall, without the approval of the
15 Administrator, be converted to uses other than those origi-
16 nally approved by him. The Administrator shall approve no
17 conversion of land from open-space use unless he finds that
18 such conversion is essential to the orderly development and
19 growth of the urban area involved and is in accord with the
20 then applicable comprehensive plan, meeting criteria estab-
21 lished by him. The Administrator shall approve any such
22 conversion only upon such conditions as he deems necessary
23 to assure the substitution of other open-space land of at least
24 equal fair market value and of as nearly as feasible equiva-
25 lent usefulness and location.

1 *TECHNICAL ASSISTANCE, STUDIES, AND PUBLICATION OF*
2 *INFORMATION*

3 *SEC. 705. In order to carry out the purpose of this part*
4 *the Administrator is authorized to provide technical assistance*
5 *to State and local public bodies and to undertake such studies*
6 *and publish such information, either directly or by contract, as*
7 *he shall determine to be desirable. There are hereby author-*
8 *ized to be appropriated, out of any moneys in the Treasury*
9 *not otherwise appropriated, such amounts as may be neces-*
10 *sary to provide for such assistance, studies, and publication.*
11 *Nothing contained in this section shall limit any authority of*
12 *the Administrator under any other provision of law.*

13 *DEFINITIONS*

14 *SEC. 706. As used in this part—*

15 *(1) The term “open-space land” means any undeveloped*
16 *or predominantly undeveloped land, including agricultural*
17 *land, in an urban area, which has (A) economic and social*
18 *value as a means of shaping the character, direction, and tim-*
19 *ing of community development; (B) recreational value; (C)*
20 *conservation value in protecting natural resources; or (D)*
21 *historic, scenic, scientific, or esthetic value.*

22 *(2) The term “urban area” means any area which is*
23 *urban in character, including those surrounding areas which,*
24 *in the judgment of the Administrator, form an economic and*

1 socially related region, taking into consideration such factors
 2 as present and future population trends and patterns of
 3 urban growth, location of transportation facilities and sys-
 4 tems, and distribution of industrial, commercial, residential,
 5 governmental, institutional, and other activities.

6 (3) The term "State" means any of the several States,
 7 the District of Columbia, the Commonwealth of Puerto Rico,
 8 the Virgin Islands, and Guam.

9 *PART 2—FHA INSURANCE FOR SITE PREPARATION AND*
 10 *DEVELOPMENT*

11 *LAND DEVELOPMENT INSURANCE*

12 *SEC. 710. The National Housing Act is amended by*
 13 *adding at the end thereof the following new title:*

14 *"TITLE X—LAND DEVELOPMENT INSURANCE*

15 *"SEC. 1001. As used in this title—*

16 *"(1) the term 'mortgage' means a lien on real*
 17 *estate in fee simple, or on the interest of either the*
 18 *lessor or lessee thereof (A) under a lease for not less*
 19 *than ninety-nine years which is renewable, or (B) under*
 20 *a lease having a period of not less than fifty years to*
 21 *run from the date the mortgage was executed; and the*
 22 *term 'first mortgage' includes such classes of first liens*
 23 *as are commonly given to secure advances (including*
 24 *but not being limited to advances during construction)*

1 on, or the unpaid purchase price of, real estate under
2 the laws of the State in which the real estate is located,
3 together with the credit instrument or instruments, if
4 any, secured thereby, and may be in the form of trust
5 mortgages or mortgage indentures or deeds of trust
6 securing notes, bonds, or other credit instruments;

7 “(2) the terms ‘mortgagee’, ‘mortgagor’, and ‘State’
8 shall have the same meaning as when used in section 207
9 of this Act;

10 “(3) the term ‘improvements’ means water lines and
11 water supply installations, sewer lines and sewer dis-
12 posal installations, utilities, pavements, curbs, gutters,
13 and other installations or work, whether on or off the
14 site, (A) which are necessary or desirable to convert
15 raw land in an urban or suburban community into build-
16 ing sites primarily for the construction of structures
17 designed for residential use, and (B) which are in
18 keeping with applicable governmental requirements and
19 with standards not lower than those reflected in general
20 practice in the community; and

21 “(4) the term ‘development’ means the process of
22 making and installing improvements.

23 “SEC. 1002. (a) The Commissioner is authorized upon
24 application by the mortgagee to insure under this title as

1 hereinafter provided any first mortgage (including advances
2 during construction) which is eligible for insurance as herein-
3 after provided and, upon such terms and conditions as he
4 may prescribe, to make commitments for the insurance there-
5 of prior to the date of insurance; but no mortgage shall be
6 insured under this title after July 1, 1963, except pursuant
7 to a commitment to insure issued before such date.

8 “(b) To be eligible for mortgage insurance under this
9 title a mortgage shall—

10 “(1) cover the land and improvements unless they
11 are in public ownership or are excepted or released from
12 the lien of the mortgage with the approval of the Com-
13 missioner;

14 “(2) involve an original principal obligation in an
15 amount not to exceed \$2,500,000 and not to exceed 75
16 per centum of the estimated value of the security cov-
17 ered thereby as of the completion of the development to
18 be financed with the proceeds of the mortgage; but in no
19 event shall any such mortgage exceed 75 per centum of
20 the estimated value of the land as of the date of commit-
21 ment plus 75 per centum of the estimated cost of develop-
22 ment thereof;

23 “(3) have a maturity satisfactory to the Commis-
24 sioner but not to exceed five years;

25 “(4) contain repayment provisions satisfactory to

1 *the Commissioner and bear interest (exclusive of pre-*
2 *mium charges for mortgage insurance) at a rate satis-*
3 *factory to the Commissioner, but not to exceed 6 per*
4 *centum per annum, on the amount of the principal obli-*
5 *gation outstanding at any time;*

6 *“(5) contain such other conditions as the Commis-*
7 *sioner may prescribe with respect to protection of the*
8 *security, payment of taxes, delinquency charges, prepay-*
9 *ment, additional and secondary liens, release of a portion*
10 *or portions of the mortgaged property from the lien of the*
11 *mortgage, and other matters as the Commissioner may in*
12 *his discretion prescribe; and*

13 *“(6) be executed by, and cover property held by, a*
14 *mortgagor approved by the Commissioner and have been*
15 *made to and be held by a mortgagee approved by the*
16 *Commissioner.*

17 *“(c) No mortgage shall be accepted for insurance under*
18 *this title unless the Commissioner finds that—*

19 *“(1) it will aid in the development of land owned*
20 *by or to be acquired by the mortgagor, and the develop-*
21 *ment of such land is economically sound;*

22 *“(2) the assistance provided by this title is needed*
23 *to meet the housing and related needs of moderate income*
24 *families; and*

25 *“(3) the mortgagor will develop the land under a*

1 *schedule reasonably assuring the timely completion of*
2 *all desirable neighborhood facilities and either will con-*
3 *struct upon the land, within a reasonable period after*
4 *its development, structures primarily for residential use*
5 *by moderate income families, or will make the developed*
6 *land available to other persons for such purpose; and*
7 *the Commissioner shall require the mortgagor to enter*
8 *into such agreements or covenants as the Commissioner in*
9 *his discretion may deem appropriate to assure that such*
10 *construction will take place within such period.*

11 “(d) *The mortgage may include a provision permitting*
12 *the mortgagee to make advances subsequent to full disburse-*
13 *ment of the original principal: Provided, That the total*
14 *amount of such advances outstanding at any one time shall*
15 *not exceed the face amount of the mortgage.*

16 “(e) *The Commissioner shall collect a premium charge*
17 *for the insurance of mortgages under this title, but in the*
18 *case of any mortgage such charge shall not be less than an*
19 *amount equivalent to one-half of 1 per centum per annum*
20 *nor more than an amount equivalent to 1 per centum per*
21 *annum of the amount of the principal obligation of the mort-*
22 *gage outstanding at any time, without taking into account*
23 *delinquent payments or prepayments. Such charge shall be*

1 payable by the mortgagee, either in cash or in debentures of the
2 Land Development Insurance Fund issued by the Commis-
3 sioner under this title at par plus accrued interest. In ad-
4 dition to the premium charge herein provided for, the Com-
5 missioner is authorized to charge and collect such amounts as
6 he may deem reasonable for the appraisal of the property
7 offered for insurance and for the inspection of such property
8 and the development thereof during construction, but such
9 charges for appraisal and inspection shall not aggregate more
10 than 1 per centum of the original principal face amount of the
11 mortgage.

12 “(f) The provisions of subsections (e), (g), (h), (i),
13 (j), (k), (l), (m), (n), and (p) of section 207 of this Act
14 shall be applicable to mortgages insured under this title, except
15 that as applied to such mortgages (1) all references therein to
16 the Housing Insurance Fund or the Housing Fund shall be
17 construed to refer to the Land Development Insurance Fund,
18 and (2) all references therein to section 207 or 210 shall be
19 construed to refer to this section.

20 “(g) There is hereby created a Land Development In-
21 surance Fund which shall be used by the Commissioner as a
22 revolving fund for carrying out the provisions of this title.
23 The Commissioner is hereby authorized and directed to trans-

1 *fer immediately to such fund the sum of \$10,000,000 from*
2 *the War Housing Insurance Fund created by section 602 of*
3 *this Act, which sum shall be reimbursed to the War Housing*
4 *Insurance Fund from appraisal and inspection fees and*
5 *charges hereafter collected under this title. General expenses*
6 *of operation of the Federal Housing Administration under*
7 *this title may be charged to the Land Development Insurance*
8 *Fund.*

9 *“SEC. 1003. Any contract of insurance executed by the*
10 *Commissioner under this title with respect to a mortgage shall*
11 *be conclusive evidence of the eligibility of such mortgage for*
12 *insurance, and the validity of any contract of insurance so*
13 *executed shall be incontestable in the hands of an approved*
14 *mortgagee from the date of the execution of such contract, ex-*
15 *cept for fraud or misrepresentation on the part of such*
16 *approved mortgagee.*

17 *“SEC. 1004. Nothing in this title shall be construed to*
18 *exempt any real property acquired and held by the Commis-*
19 *sioner under this title from taxation by any State or political*
20 *subdivision thereof, to the same extent, according to its value,*
21 *as other real property is taxed.*

22 *“SEC. 1005. The Commissioner is authorized and*

1 directed to make such rules and regulations as may be
2 necessary to carry out the provisions of this title.

3 “SEC. 1006. Notwithstanding any other provision of this
4 Act, no mortgage shall be finally endorsed for insurance
5 under this title nor shall any advance thereon during con-
6 struction be insured under this title unless the mortgagor
7 has executed an agreement in form and content satisfactory to
8 the Commissioner that he will certify to the Commissioner
9 (and shall submit such records and data in support of such
10 certification as the Commissioner shall prescribe) the actual
11 cost of the development of the land (being the cost of construct-
12 ing the on-site and off-site improvements reasonable and neces-
13 sary for such development, including amounts paid for labor,
14 materials, construction contracts, organizational and legal ex-
15 penses, professional fees, a reasonable allowance for builders’
16 profit if the mortgagor is also the builder as defined by the
17 Commissioner, and other items of expense approved by the
18 Commissioner). Notwithstanding any other provisions of this
19 title (1) no mortgage shall be finally endorsed for insurance
20 if the principal amount thereof exceeds 75 per centum of the
21 Commissioner’s estimate of the value of the land when the pro-
22 posed development is completed and (2) no advance on such

1 mortgage shall be insured if such advance, when added to
 2 previous insured advances, exceeds 75 per centum of the
 3 Commissioner's estimate of the value of the land as of the
 4 date of commitment plus 75 per centum of the cost of such
 5 development to the date of such disbursement as shown by
 6 the mortgagor's certificate; but in no event shall more than 90
 7 per centum of the principal obligation of the loan be disbursed
 8 prior to the completion of the development contemplated by
 9 the Commissioner's commitment. The mortgagor shall also
 10 agree that, in the event the final amount of the mortgage or
 11 the amount of any advance exceeds the amount permitted
 12 under clause (1) or (2) (as the case may be) of the preced-
 13 ing sentence, he will reduce the mortgage or the insured ad-
 14 vance by the amount of the excess."

15 CONFORMING AMENDMENTS

16 SEC. 711. (a) Section 219 of the National Housing Act
 17 (as amended by section 612(f) of this Act) is amended by
 18 inserting after "the Section 221 Housing Insurance Fund,"
 19 the following: "the Land Development Insurance Fund,".

20 (b) Section 215 of such Act is amended by striking out
 21 "or title IX" and inserting in lieu thereof "title IX, or title
 22 X".

23 (c) The first paragraph of section 24 of the Federal Re-
 24 serve Act is amended by inserting before the last sentence the

1 following new sentence: "Notwithstanding the limitations and
2 restrictions in this section, any national banking association
3 may make loans for site preparation and development which
4 are secured by mortgages insured under title X of the Na-
5 tional Housing Act."

6 TITLE VIII—FARM HOUSING

7 SEC. 801. (a) Section 502(b)(1) of the Housing Act of
8 1949 is amended by striking out "and such additional se-
9 curity" and inserting in lieu thereof the words "or such other
10 security".

11 (b) Sections 511, 512, and 513 of such Act are each
12 amended by striking out "1961" and inserting in lieu there-
13 of "1965".

14 SEC. 802. The second sentence of section 511 of the
15 Housing Act of 1949 is amended by striking out "\$450,-
16 000,000" and inserting in lieu thereof "\$650,000,000".

17 SEC. 803. (a) Section 501(a) of the Housing Act of
18 1949 is amended by inserting "(1)" before "to owners of
19 farms", and by inserting before the period at the end thereof
20 the following: ", and (2) to owners of other real estate in
21 rural areas to enable them to provide dwellings and related
22 facilities for their own use and buildings adequate for their
23 farming operations".

24 (b) Section 501(c) of such Act is amended by insert-

1 *ing before the semicolon at the end of clause (1) the follow-*
 2 *ing: “, or that he is the owner of other real estate in a rural*
 3 *area without an adequate dwelling or related facilities for*
 4 *his own use or buildings adequate for his farming opera-*
 5 *tions.”*

6 *(c) Section 501 of such Act is further amended by add-*
 7 *ing at the end thereof the following new subsection:*

8 *“(d) As used in this title (except in sections 503 and*
 9 *504(b)), the terms ‘farm’, ‘farm dwelling’, and ‘farm hous-*
 10 *ing’ shall include dwellings or other essential buildings of*
 11 *eligible applicants.”*

12 *SEC. 804. (a) Title V of the Housing Act of 1949*
 13 *is further amended by adding at the end thereof the following*
 14 *new section:*

15 *“INSURANCE OF LOANS FOR THE PROVISION OF HOUSING*
 16 *AND RELATED FACILITIES FOR DOMESTIC FARM LABOR*

17 *“SEC. 514. (a) The Secretary is authorized to insure*
 18 *and make commitments to insure loans made by lenders*
 19 *other than the United States to the owner of any farm, any*
 20 *association of farmers, any State or political subdivision*
 21 *thereof, or any public or private nonprofit organization for*
 22 *the purpose of providing housing and related facilities for*
 23 *domestic farm labor in accordance with terms and conditions*
 24 *substantially identical with those specified in section 502;*
 25 *except that—*

1 “(1) no such loan shall be insured in an amount in
2 excess of the value of the farm involved less any prior
3 liens in the case of a loan to an individual owner of a
4 farm, or the total estimated value of the structures and
5 facilities with respect to which the loan is made in the
6 case of any other loan;

7 “(2) no such loan shall be insured if it bears in-
8 terest at a rate in excess of 5 per centum per annum;

9 “(3) out of interest payments by the borrower the
10 Secretary shall retain a charge in an amount not less
11 than one-half of 1 per centum per annum of the unpaid
12 principal balance of the loan;

13 “(4) the insurance contracts and agreements with
14 respect to any loan may contain provisions for servicing
15 the loan by the Secretary or by the lender, and for the
16 purchase by the Secretary of the loan if it is not in
17 default, on such terms and conditions as the Secretary
18 may prescribe; and

19 “(5) the Secretary may take mortgages creating
20 a lien running to the United States for the benefit of
21 the insurance fund referred to in subsection (b) notwith-
22 standing the fact that the note may be held by the lender
23 or his assignee.

24 “(b) The Secretary shall utilize the insurance fund
25 created by section 11 of the Bankhead-Jones Farm Tenant

1 *Act (7 U.S.C. 1005a) and the provisions of section 13 (a),*
2 *(b), and (c) of such Act (7 U.S.C. 1005c (a), (b), and*
3 *(c)) to discharge obligations under insurance contracts made*
4 *pursuant to this section, and*

5 “(1) the Secretary may utilize the insurance fund
6 to pay taxes, insurance, prior liens, and other expenses
7 to protect the security for loans which have been insured
8 hereunder and to acquire such security property at fore-
9 closure sale or otherwise;

10 “(2) the notes and security therefor acquired by
11 the Secretary under insurance contracts made pursuant
12 to this section shall become a part of the insurance fund.
13 Loans insured under this section may be held in the fund
14 and collected in accordance with their terms or may be
15 sold and reinsured. All proceeds from such collections,
16 including the liquidation of security and the proceeds
17 of sales, shall become a part of the insurance fund; and

18 “(3) of the charges retained by the Secretary out
19 of interest payments by the borrower, amounts not less
20 than one-half of 1 per centum per annum of the unpaid
21 principal balance of the loan shall be deposited in and be-
22 come a part of the insurance fund. The remainder of
23 such charges shall be deposited in the Treasury of the
24 United States and shall be available for administrative
25 expenses of the Farmers Home Administration, to be

1 *transferred annually to and become merged with any*
2 *appropriation for such expenses.*

3 “(c) *Any contract of insurance executed by the Secre-*
4 *tary under this section shall be an obligation of the United*
5 *States and incontestable except for fraud or misrepresentation*
6 *of which the holder of the contract has actual knowledge.*

7 “(d) *The aggregate amount of the principal obligations*
8 *of the loans insured under this section shall not exceed*
9 *\$25,000,000 in any one fiscal year.*

10 “(e) *Amounts made available pursuant to section*
11 *513 of this Act shall be available for administrative ex-*
12 *penses incurred under this section.*

13 “(f) *As used in this section—*

14 “(1) *the term ‘housing’ means (A) new structures*
15 *suitable for dwelling use by domestic farm labor, and*
16 *(B) existing structures which can be made suitable for*
17 *dwelling use by domestic farm labor by rehabilitation,*
18 *alteration, conversion, or improvement; and*

19 “(2) *the term ‘related facilities’ means (A) new*
20 *structures suitable for use as dining halls, community*
21 *rooms or buildings, or infirmaries, or for other essential*
22 *services facilities, and (B) existing structures which can*
23 *be made suitable for the above uses by rehabilitation, al-*
24 *teration, conversion, or improvement; and*

25 “(3) *the term ‘domestic farm labor’ means citizens*

1 *of the United States who receive a substantial portion*
2 *(as determined by the Secretary) of their income as*
3 *laborers on farms situated in the United States.”*

4 *(b) Title V of such Act is further amended—*

5 *(1) by inserting in section 506(a) “and section*
6 *514,” immediately after “501 to 504, inclusive,” each*
7 *place it appears; and*

8 *(2) by striking out “under this title” in section 507*
9 *and inserting in lieu thereof “under sections 501 to 504,*
10 *inclusive”.*

11 *(c) The first paragraph of section 24 of the Federal*
12 *Reserve Act (12 U.S.C. 371) is amended by inserting after*
13 *“the Act of August 28, 1937, as amended” the follow-*
14 *ing: “, or title V of the Housing Act of 1949, as amended”.*

15 *SEC. 805. (a) Section 506 of the Housing Act of 1949*
16 *is amended—*

17 *(1) by striking out the last sentence of subsection*
18 *(a);*

19 *(2) by redesignating subsection (b) as subsection*
20 *(e); and*

21 *(3) by inserting after subsection (a) the following*
22 *new subsections:*

1 “(b) The Secretary is further authorized to conduct re-
2 search and technical studies including the development,
3 demonstration, and promotion of construction of adequate
4 farm dwellings and other buildings for the purpose of stimu-
5 lating construction, improving the architectural design and
6 utility of such dwellings and buildings, and utilizing new
7 and native materials, economies in materials and construction
8 methods, and new methods of production, distribution, as-
9 sembly, and construction, with a view to reducing the cost of
10 farm dwellings and buildings and adapting and developing
11 fixtures and appurtenances for more efficient and economical
12 farm use.

13 “(c) The Secretary is further authorized to carry out a
14 program of research, study, and analysis of farm housing in
15 the United States to develop data and information on—

16 “(1) the adequacy of existing farm housing;

17 “(2) the nature and extent of current and prospec-
18 tive needs for farm housing, including needs for financ-
19 ing and for improved design, utility, and comfort, and
20 the best methods of satisfying such needs;

21 “(3) problems faced by farmers and other persons

1 *eligible under section 501 in purchasing, constructing,*
2 *improving, altering, repairing, and replacing farm*
3 *housing;*

4 *“(4) the interrelation of farm housing problems and*
5 *the problems of housing in urban and suburban areas;*
6 *and*

7 *“(5) any other matters bearing upon the provision*
8 *of adequate farm housing.*

9 *“(d) To the extent determined by him to be advisable,*
10 *the Secretary may carry out the research and study programs*
11 *authorized by subsections (b) and (c) through grants made*
12 *by him on such terms, conditions, and standards as he may*
13 *prescribe to land-grant colleges established pursuant to the*
14 *Act of July 2, 1862 (7 U.S.C. 301-308) or through such*
15 *other agencies as he may select.”*

16 *(b) Section 513 of such Act is amended by striking out*
17 *“and (c)” and inserting in lieu thereof the following: “(c)*
18 *not to exceed \$250,000 per year for research and study pro-*
19 *grams pursuant to subsections (b), (c), and (d) of section*
20 *506 during the period beginning July 1, 1961, and ending*
21 *June 30, 1965; and (d)”.*

1 *TITLE IX—MISCELLANEOUS*2 *HOME OWNERS' LOAN ACT OF 1933*

3 *SEC. 901. (a) Section 5(c) of the Home Owners' Loan*
4 *Act of 1933 is amended by striking out "in loans insured*
5 *under title I of the National Housing Act, as amended," in*
6 *the first sentence of the second paragraph and inserting in*
7 *lieu thereof "in loans insured under title I of the National*
8 *Housing Act, in home improvement loans insured under title*
9 *II of the National Housing Act,".*

10 *(b) Section 5(c) of such Act is further amended by*
11 *adding at the end thereof the following new paragraph:*

12 *"Without regard to any other provision of this subsec-*
13 *tion except the area restriction and the \$35,000 limitation,*
14 *any such association may invest an amount not exceeding*
15 *at any one time 5 per centum of its assets in nonamortized*
16 *loans which are made on the security of first liens upon*
17 *homes or combinations of homes and business property and*
18 *which (1) are repayable within a period of eighteen months,*
19 *(2) provide that interest payments be made at least semi-*
20 *annually, and (3) do not exceed 80 per centum of the ap-*
21 *praised value of the property involved. For the purposes*

1 of this paragraph the term 'first liens' includes the assign-
2 ment of the whole of the beneficial interest in a trust having
3 a corporate trustee whereunder real estate held in the trust
4 can be subjected to the satisfaction of the obligation or
5 obligations secured with the same priority as a first mortgage,
6 a first deed of trust, or a first trust deed in the jurisdiction
7 where the real estate is located."

8 (c) Section 5(c) of such Act is further amended by
9 adding at the end thereof (after the paragraph added by sub-
10 section (b) of this section) the following new paragraph:

11 "Without regard to any other provision of this subsec-
12 tion except the area restriction, any such association is au-
13 thorized to invest an amount not exceeding at any one time
14 5 per centum of its assets in amortized loans or participat-
15 ing interests therein which are secured by first liens upon im-
16 proved real estate used to provide housing facilities for the
17 aging, subject to the following qualifications:

18 "(1) each such loan shall be repayable within a
19 period of 30 years;

20 "(2) no such loan shall exceed 90 per centum of the
21 appraised value of the improved real estate given as
22 security therefor; and

1 “(3) each such loan—

2 “(A) shall be made upon and secured by real
3 estate which is improved by housing accommoda-
4 tions, individual or multiple, designed for the pur-
5 pose of providing accommodations for occupancy by
6 aging persons, or of providing rest homes or nurs-
7 ing homes, so constructed or altered as to be suit-
8 able primarily for the occupancy of persons over
9 fifty-five years of age and limited principally to the
10 occupancy of such persons; and

11 “(B) shall be made for the implementation of
12 the purpose described in clause (A).”

13 (d) Section 5(c) of such Act is further amended by
14 adding at the end thereof (after the paragraph added by
15 subsection (c) of this section) the following new paragraph:

16 “Without regard to any other provision of this subsection,
17 any such association is authorized to invest not more than
18 5 per centum of its assets in certificates of beneficial interest
19 issued by any urban renewal investment trust. For the
20 purposes of this paragraph the term ‘urban renewal invest-
21 ment trust’ means an unincorporated trust established by

1 *written agreement between the authorized officers of two or*
2 *more savings institutions the savings or share accounts of*
3 *which are insured by an agency of the Federal Government,*
4 *which agreement—*

5 “(1) expressly limits the purposes of the trust and
6 the investment powers of the trustees to the elimination
7 or prevention of the spread of slums and blighted or de-
8 teriorated or deteriorating areas and the redevelopment,
9 renewal, rehabilitation, or conservation of such areas by
10 private enterprise through financing the purchase or re-
11 habilitation of real property, or the construction of im-
12 provements thereon, designed or usable for industrial.
13 commercial, or housing purposes within the confines of an
14 urban renewal area (as defined in section 110 of the
15 Housing Act of 1949);

16 “(2) expressly limits the beneficial ownership of
17 the trust to savings and loan associations or banks the
18 savings or share accounts of which are insured by an
19 agency of the Federal Government;

20 “(3) provides that such beneficial ownership be
21 evidenced by certificates of beneficial interest, which
22 certificates shall have first claim at all times on the assets

1 of the trust without preference between the holders there-
2 of, and shall be fully transferable and assignable be-
3 tween any such banks and savings and loan associations
4 at all times; and

5 “(4) expressly provides that it shall be effective and
6 binding between the parties thereto only upon being ap-
7 proved by the board.

8 Any association chartered under the provisions of this sec-
9 tion may become a party to any urban renewal investment
10 trust. The Federal Home Loan Bank Board shall prescribe
11 such rules and regulations, not inconsistent with the provi-
12 sions of this paragraph, as it may deem necessary for the
13 proper establishment of urban renewal investment trusts, for
14 the effective operation thereof, and the participation in such
15 operations of eligible institutions either as parties, as trus-
16 tees, or as the holders of certificates of beneficial interest.”

17 FEDERAL RESERVE ACT

18 SEC. 902. Section 24 of the Federal Reserve Act is
19 amended by inserting at the end of the next to the last para-
20 graph a new sentence as follows: “Home improvement loans
21 which are insured under the provisions of section 203(k) or

1 220(h) of the National Housing Act may be made without
2 regard to the first lien requirements of this section."

3 VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

4 SEC. 903. Section 610(a) of the Housing Act of 1954
5 is amended by striking out "1961" and inserting in lieu
6 thereof "1965".

7 DISPOSAL OF PASSYUNK WAR HOUSING PROJECT

8 SEC. 904. Section 802(a) of the Housing Act of 1959
9 is amended by striking out "five" in the first sentence and
10 inserting in lieu thereof "seven".

11 HOSPITAL CONSTRUCTION

12 SEC. 905. (a) Section 605(b) of the Housing Act of
13 1956 is amended by striking out "1960" and inserting in
14 lieu thereof "1962".

15 (b) Section 605(c) of such Act is amended by striking
16 out "and June 30, 1961" and inserting in lieu thereof
17 "June 30, 1961, and June 30, 1962".

18 PAYMENT IN LIEU OF TAXES BY HOLYOKE HOUSING

19 AUTHORITY

20 SEC. 906. Notwithstanding the provisions of any other
21 law or any contract or rule of law, the Public Housing Com-
22 missioner shall approve the payment in lieu of taxes, in the
23 amount of \$9,933.47, made by the Holyoke Housing Author-
24 ity to the city of Holyoke, Massachusetts, under section 10

1 *(h) of the United States Housing Act of 1937, for its fiscal*
2 *year ended December 31, 1956.*

3 ADMINISTRATIVE

4 *SEC. 907. Section 502 of the Housing Act of 1948 is*
5 *amended by—*

6 *(1) striking out in subsection (c)(3) the first pro-*
7 *viso, the colon thereafter, and the words “And pro-*
8 *vided further,” and inserting in lieu thereof “Pro-*
9 *vided,”; and*

10 *(2) adding at the end thereof the following sub-*
11 *section:*

12 *“(d) The Housing and Home Finance Administrator,*
13 *the Federal Housing Commissioner, and the Public Housing*
14 *Commissioner, respectively, may utilize funds made available*
15 *to them for salaries and expenses for payment in advance*
16 *for dues or fees for library memberships in organizations (or*
17 *for membership of the individual librarians of the respective*
18 *agencies in organizations which will not accept library*
19 *membership) whose publications are available to members*
20 *only, or to members at a price lower than to the general*
21 *public, and for payment in advance for publications available*
22 *only upon that basis or available at a reduced price on pre-*
23 *publication order.”*

87TH CONGRESS
1ST Session

H. R. 6028

[Report No. 447]

A BILL

To assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

By Mr. RAINS

MARCH 29, 1961

Referred to the Committee on Banking and Currency

JUNE 1, 1961

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

HOUSING ACT OF 1961

REPORT

OF THE

COMMITTEE ON BANKING AND CURRENCY

HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH CONGRESS

FIRST SESSION

TOGETHER WITH

MINORITY VIEWS

ON

H.R. 6028



JUNE 1, 1961.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

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HOUSING ACT OF 1961

JUNE 1, 1961.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. RAINS, from the Committee on Banking and Currency, submitted the following

R E P O R T

[To accompany H.R. 6028]

The Committee on Banking and Currency, to whom was referred the bill (H.R. 6028) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill, as amended, do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert the matter which appears in *italic* in the bill herewith reported to the House.

WHAT THE BILL WOULD DO

The committee bill is a comprehensive measure which makes extensive improvements in our existing housing programs, including new experimental measures, and provides necessary additional authorizations. Taken together these provisions will make possible an accelerated attack on the problems of urban blight and improving housing conditions, and aiding orderly growth of small and large communities alike. The principal provisions may be briefly summarized as follows:

(1) To provide long overdue assistance in meeting the housing problems of moderate income families, the bill expands FHA's present section 221 program (now confined to displaced families) to provide no-downpayment, 40-year loans for sales housing for modest income families generally, and also provides liberal low-interest financing for multifamily rental projects at an interest rate presently as low as 3½ percent.

(2) An intensive effort to meet the need for repair and rehabilitation to maintain and improve our vast stock of existing housing, thereby preventing deterioration before it begins or in its early stages, would be provided by a program of liberal long-term home improvement financing under FHA loan insurance.

(3) The pressing needs of our lowest income families, particularly those displaced by Government actions, and our older citizens, would be met by the authorization of an additional 100,000 units of low-rent public housing.

(4) An accelerated and sustained attack on slums and urban blight would be made possible by the authorization of \$2 billion for urban renewal grants.

(5) The highly successful program of Federal loans for college housing would be continued by the authorization of \$1.2 billion over 4 years.

(6) The pressing need for water and sewer facilities and other public works in small communities would be met through a substantially expanded and liberalized public facilities loan program. A \$500 million increase in loan authority would be provided and the interest rate would be substantially reduced.

(7) FHA mortgage insuring authority, now virtually exhausted, would be extended for an additional 4 years. In addition, the special assistance funds of FNMA necessary to the success of the efforts to aid urban renewal, modest income families, and other special programs, would be increased substantially.

(8) Orderly urban growth would be aided by a new program of partial Federal grants to communities for the permanent ownership of parks, recreational facilities, and other open spaces. As a further aid to efficient land use and development a new program of FHA insurance for site acquisition and preparation would be authorized.

(9) Housing needs in farm areas would benefit by a 4-year extension of the present farm housing loan program. Additional loan funds would also be authorized and the benefits would be extended to non-farm housing in rural areas.

(10) The savings and loan industry, the largest single segment of the home mortgage market, would benefit under provisions to facilitate trade-in financing, the financing of housing for the elderly, and participation in urban renewal.

INTRODUCTION

Your committee believes that this comprehensive bill, the Housing Act of 1961, represents a much-needed forward step in our housing legislation. It embodies some provisions which are experimental in nature that hold great promise for improving housing conditions and a more vigorous attack on our problems of urban blight.

One of the most important aspects of the bill is that it recognizes the housing problems of families with modest incomes. There has long been a neglected area consisting of families whose incomes are too high for low-rent public housing and yet not high enough to afford decent, safe, and sanitary housing in the private market. Your committee believes that the facts refute the contention of some that no problem exists in this area. The 1956 housing inventory found that a little over 1 million families in the \$4,000 to \$6,000 income group lived in

housing which lacked some necessary plumbing facilities and more than 300,000 lived in housing which was outright dilapidated. Taking into account the substantial number of units for which condition was not recorded, it is clear that approximately 1.5 million families in the \$4,000 to \$6,000 income group were living in substandard homes. These families represent one out of every eight in that income bracket.

To overcome this major unmet need, the bill adopts the administration's recommendations for more liberal FHA-insured mortgage loans for sales housing and for low-interest-rate financing for rental-type housing for modest-income families. Your committee is particularly gratified by the inclusion of these provisions since they are essentially similar to the general housing bill reported by the committee last year. That bill, H.R. 12603 (86th Cong.) unfortunately was never acted on by the House. Meanwhile there has been a growing recognition of the need for at least limited Federal assistance to families of modest income and your committee is optimistic that these provisions will be approved by the Congress and at long last there will be an opportunity to test their value in practice.

This new approach makes several basic liberalizing changes in FHA's present program for housing displaced families (sec. 221). First, multifamily housing could be built by nonprofit corporations, cooperatives, limited-dividend corporations and public bodies (other than public housing authorities) to provide housing for low-income families at reduced rents. The Federal National Mortgage Association would be authorized to finance these loans under an interest rate formula which reflects the cost of money to the Federal Government. Currently, the lower limit of the rate on these loans would be set at 3½ percent per annum. The new program would be experimental in nature and unless extended would expire after 2 years.

The present section 221 sales housing program would be broadened to make all families eligible, although families displaced by Government action would continue to have the advantage of FNMA special assistance support. For a 2-year period this program would be made available to families of modest income who would thereby get the benefit of the more liberal terms authorized. Under this program the only downpayment needed for a single-family home is \$200 which may include closing costs and the mortgage term can run as long as 40 years. These loans can be used to finance homes valued up to \$11,000 in normal-cost areas and \$15,000 in high-cost areas. Under these liberal terms many families will be able to obtain better housing than they now have. It will also be possible for many to achieve homeownership who would otherwise be limited to rental occupancy.

The committee bill also would help FHA's regular home mortgage insurance program (sec. 203) serve a broader market. Downpayment requirements above \$13,500 would be reduced. The maximum term would be extended from 30 to 40 years and the ceiling on a single-family home loan would be raised from \$22,500 to \$27,500. These changes will enable buyers to obtain better homes than they might otherwise be able to finance. The extremely favorable experience of FHA under this program in its more than a quarter of century of operation is evidence that these benefits can be extended at no cost to the Government.

Your committee believes that the relaxation of FHA downpayment and maturity requirements at this time is particularly

timely. Home building activity has dropped off sharply over the past year while unemployment has risen substantially. Currently 5 million American men and women are out of work and although business indicators have shown some improvement in recent months much needs to be done before the economy regains full employment. The value of home building as an economic stimulant was abundantly proved during the 1957-58 recession. Sparked by the 1958 Emergency Housing Act, which became law on April 1 of that year, the rate of nonfarm housing starts rose by more than 50 percent by the end of that year. The importance of home building to the economy is due to the fact that in addition to the employment it creates at the construction site, it provides jobs in the lumber mills, for materials producers, and in appliance factories and other industries which depend on home building for a market.

In this connection, your committee commends the administration for its efforts to reduce interest rates generally. The cost of money had risen steadily over the past 8 years with only temporary interruption during recession periods. In that time the cost of mortgage money to an FHA home buyer jumped ominously from 4¼ percent to 5¾ percent. More and more potential homebuyers were being priced out of the market because of inability to meet ever rising interest charges. Since taking office in January, this administration has twice reduced the FHA interest rate to its present level of 5¼ percent. It also reduced the rate on public facilities loans by one-fourth of 1 percent and is exerting every effort to reduce the cost of conventional mortgage financing. Also, prices paid by FNMA in its secondary market operations have been successively increased.

In this connection the bill provides substantial additional authorization for FNMA's special assistance program. These funds can be used only for housing programs designated by the President, such as urban renewal, housing for the elderly, cooperative housing, and the new program of low interest rate section 221 loans for modest income families. They will provide financing essential to the success of these programs and also contribute to the easing of mortgage money generally.

Another provision of the bill recommended by the administration which your committee finds most welcome is the new program of liberal home improvement financing. Under the new program FHA could insure loans for rehabilitation and improvement in amounts up to \$10,000 per dwelling unit and with terms ranging up to 20 years. This is generally similar to the program recommended by the Subcommittee on Housing in 1956 as a result of extensive field studies. Action in this neglected area of residential financing is long overdue. Since then there has been an increased awareness that the improvement and maintenance of our vast stock of existing homes is essential to maintaining good housing and sound cities. It would be wasteful in the extreme if we did nothing to encourage adequate maintenance and allowed properties in deteriorating areas to decline in value until there was nothing to do but demolish them and start anew.

Your committee believes that the proposal contained in the bill overcomes the objections to ordinary second mortgage financing. In the first place, it is expected that the FHA would require secondary liens only in the case of loans in larger amounts. That a second lien

is generally unnecessary for smaller loans has been proven by the successful operation of the FHA title I property improvement program. Moreover, these new loans would be paid off over a longer period of years thus reducing monthly payments. This avoids the abuses frequently found in second mortgage practices involving short-term loans which add a serious burden to the home owner and the "balloon" type which requires a heavy settlement payment at the end of the loan. The soundness of long-term secondary financing was proven in the GI 505(a) program which permitted VA guaranteed second loans along with FHA first loans. Often under that program the second mortgage carried a lower interest rate than the FHA-insured first mortgage. Finally, the new home improvement loans, which would permit a maximum interest rate of 6 percent, would not suffer from the unconscionable discounts often associated with ordinary second mortgages and would cost the homeowner considerably less than the 9.7 interest rate charged on FHA title I home improvement loans.

In the opinion of your committee the bill also represents a well-balanced program of benefits for communities of all sizes. The expanded and liberalized urban renewal program will be of immediate benefit to larger cities in eliminating slums, while at the same time the bill includes provisions which would help smaller communities take full advantage of the urban renewal program. Already the program has proven its worth in communities of every size. However, smaller towns generally have less opportunity to take advantage of the provision in existing law which permits a community to meet a substantial part of its share of urban renewal costs in the form of noncash grants. To offset this disadvantage, the bill authorizes an increase from two-thirds to three-fourths in the Federal share of urban renewal costs in smaller communities.

The bill also provides for increased assistance to smaller communities in meeting their sewer, water, and other public facility needs. In the course of hearings on the present bill, as well as hearings on other bills in recent years, your committee has become convinced that there is a great and pressing need in this field. It appears that our local public facilities, particularly water and sewer facilities, are less adequate today than they were 20 years ago. During World War II and the materials-shortage period following that war, and during the Korean crisis, construction of these vital public works was sharply reduced while our needs grew rapidly. In an analysis of the problem done in 1955, the U.S. Department of Commerce made a careful study of the Nation's water and sewerage requirements and estimated that an annual expenditure of \$2.5 billion over the following 10 years was necessary to meet the existing deficiency and provide for population growth. Current expenditures still fall short of that rate. As the Department of Commerce said in its report:

The staggering total of sewer and water supply needs outlined above will be difficult to obtain, principally because of problems of local financing. However, the estimated requirements are realistic. If they are not met, increasing water shortages or restrictions on water use and increasing stream pollution will result.

Your committee agrees wholeheartedly with this appraisal and diagnosis of the problem. To meet this problem the committee bill would substantially expand the existing public facility loan program with a number of liberalizing amendments including a reduction in the interest rate.

The bill also contains a number of provisions designed to meet the problems created by urban growth. In past years, under heavy pressures of families needing housing, our suburban areas have grown extremely rapidly. The result in some cases has proven wasteful. One particularly regrettable waste has been the virtual disappearance of open land in many places. Your committee believes that parks and recreational areas represent important community assets and are a proper object of Federal aid. The bill authorizes partial Federal grants to help localities to acquire these areas and hold them permanently as parks and recreational areas.

Another result of the rush to provide new housing has been a rapid increase in land cost. In many communities, this has been the largest single increase in the cost of new housing in recent years. In an effort to encourage more efficient use of land by builders and to enable them to finance land development at minimum cost the bill authorizes a new experimental program of FHA mortgage insurance.

The bill also expands the existing urban renewal planning grant program to enable communities to obtain professional advice in analyzing the demands which will be placed on them by population growth and to develop community plans to meet this growth. Additional funds are provided for urban planning and the Federal share of the cost would be raised from one-half to two-thirds.

Your committee believes that the bill represents a well-thought out program of improvement in our basic housing legislation. Because of the failure to enact comprehensive housing legislation last year, an urgent need exists in most urban renewal programs for additional authorizations. The bill also represents a long-range program. Generally speaking, the experimental provisions in the bill are limited to 2 years but most of the basic programs such as FHA, urban renewal, public housing, college housing, and other programs would be extended for 4 years. Such an extension is a long-sought improvement in our housing programs which gives assurance that these programs will continue to operate effectively.

The Subcommittee on Housing held intensive hearings from April 24 to May 5, 1961. Expert testimony was heard on all aspects of the Government's role in the housing and home-financing field. The subcommittee had the benefit of comment from the Housing and Home Finance Administrator and heads of constituent agencies, and representatives of the Department of Agriculture and the Department of Defense. Witnesses representing the homebuilding, real estate, and mortgage-lending industries, labor organizations, civic groups, mayors, cooperative groups, and local government provided the subcommittee with the benefit of their experience and knowledge.

At the conclusion of its public hearings the subcommittee met on May 23 and 24 and reported an amended bill. Your committee met in executive session on May 25 and 26 and voted to report an amended bill favorably.

TITLE I—NEW HOUSING PROGRAMS

Title I of the bill recommends several entirely new programs designed to come to grips with the unsolved housing needs of lower-income families and the need to provide really effective financing tools for the rehabilitation of our vast stock of existing housing.

The bill would authorize on a temporary, experimental basis a new FHA mortgage insurance program which would assist private enterprise to provide home ownership for families of moderate income. For families with incomes which do not permit homeownership at current construction costs and at market interest rates, but who have incomes too high for public low-rent housing, this title of the bill would also establish a new program of FHA-insured long-term low-interest rate loans for moderate rental housing.

The title would also make a great forward step in providing aids to the renovation and rehabilitation of existing housing. For the first time, homeowners would be able to obtain substantial loans to rehabilitate their property at a monthly cost within their budget. Up to this time, financing tools for the rehabilitation of existing housing have been woefully inadequate, consisting primarily of the title I home loan improvement program which, while it fulfills an important function in itself, can only cover a small sector of the need for the financing of large scale and effective home rehabilitation.

Your committee has consistently worked over the years in an attempt to frame legislative aids to provide housing for low-income families. While considerable progress has been made in past legislation, your committee is gratified that in this year's bill we have been able to incorporate a really effective arsenal of home financing aids which will help provide decent, safe, and sanitary housing for thousands of families presently unable to afford anything but substandard housing.

FHA-INSURED HOUSING FOR DISPLACED FAMILIES AND OTHER MODERATE INCOME FAMILIES

Section 221 of the National Housing Act now provides for FHA mortgage insurance for both homes and rental housing, new or rehabilitated, for persons displaced from their homes by urban renewal and other governmental action. The units which may be provided in any one locality are limited to the number which the Housing and Home Finance Administrator certifies to the Federal Housing Commissioner as being needed for the relocation of displaced families. Also, the availability of section 221 mortgage insurance is restricted generally to communities which have a "workable program," approved by the Housing Administrator, for dealing with their overall problems of slums and blight.

Broadened scope of program.—Section 101 of the bill would broaden the program so that it would serve moderate income families as well as displaced families whose needs would continue to be met under the program.

The following changes would be made in view of its broadened purpose: (1) The maximum number of section 221 units in any given community would no longer be predetermined by the Housing Administrator; (2) it would not be necessary in all cases for the com-

munity to obtain approval of a “workable program” as a prerequisite for section 221 mortgage insurance; and (3) it would not be necessary for the community to formally request that the program be made available. The “workable program” requirement would apply to the low interest rate rental housing mortgage insurance program under section 221 described later.

Changes in terms—one- to four-family home mortgages.—In addition to the broadened scope of the program, several other changes would be made in order to make it more workable. With respect to one- to four-family residences, 40-year, no-downpayment mortgages are now permitted, with the mortgagor being required to make only an initial payment of at least \$200 (including closing costs) for each dwelling unit. The maturity of the mortgage could not, in any event, be more than three fourths of the economic life of the property. These provisions would not be changed, but statutory limits on the amounts of the mortgages would be increased as follows:

	Present	Proposed	High cost areas	
			Present, up to—	Proposed, up to—
1-family-----	\$9,000	\$11,000	\$12,000	\$15,000
2-family-----	18,000	18,000	20,000	25,000
3-family-----	25,000	27,000	27,500	32,000
4-family-----	32,000	33,000	35,000	38,000

The authority to insure one- to four-family home mortgages would expire on July 1, 1963, unless further extended by law, except for mortgage insurance commitments issued before that date and except for insurance of mortgages covering property intended to provide housing for displaced families.

Your committee is convinced that the 40-year, no-downpayment loan has a considerable potential in helping the housing needs and homeownership aspirations of moderate-income families. Considerable opposition was raised to the 40-year maturity but your committee feels that its advantages far outweigh its disadvantages. In the first place, we should point out that a 40-year mortgage has been on the statute books for section 221 mortgages for displaced families since 1954, and 40-year mortgages have previously been authorized for cooperative sales type housing.

A 40-year maturity lowers the monthly housing cost for homebuyers. On a \$15,000, 5¼-percent loan the additional 10 years maturity means a lowering of housing costs of about \$8 per month. Only a few dollars of difference in monthly costs makes quite a difference in the yearly income, and we believe that thousands of additional homebuyers will be able to qualify for homeownership with the longer maturity.

While it is true that equity accumulates much slower with longer maturities, the fact cannot be denied that at least when a homeowner pays off his mortgage he will own his house free and clear, and to many families this would be infinitely preferable to the alternative of having to live in substandard rental housing with nothing over the years to show for it except a drawer full of rent receipts.

Also, because of improved engineering, design, and construction methods, the experts inform us that the housing which will be financed with these long-term loans will far outlast the 40-year period.

And, finally, for a number of years both the VA and FHA have been insuring 30-year mortgages on older houses which indicates that a 40-year mortgage on a new house is far from a revolutionary idea.

Changes in mortgage terms—rental housing.—The present statutory limit on a section 221 rental housing mortgage of \$9,000 per family dwelling unit, or \$12,000 in high cost areas, would be changed to a per room limit, except in the case of a project having less than 4 rooms per unit. The maximum mortgage amount per family unit would, under the bill, be \$8,500 if the number of rooms in the project averages less than 4 per family unit, or \$9,000 for elevator type structures. In high cost areas the mortgage could include up to an additional \$1,000 per room. Where the number of rooms in the property averages 4 or more per family unit the maximum mortgage amount would be as follows:

	Per room limit	Per room limit—high cost areas up to—
Nonelevator structures.....	\$2, 250	\$3, 250
Elevator structures.....	2, 750	3, 750

In the case of rental housing being rehabilitated, the present law for profitmaking mortgagors limits the mortgage to 90 percent of the value of the project when the proposed rehabilitation is completed and for nonprofit mortgagors to 100 percent of value. Under the bill the percentage ratios would apply to the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation. Under many circumstances, mortgage amounts more adequate to finance the rehabilitation would be permitted under this amendment than under the present law.

This title would also permit the maximum maturity of these rental housing mortgages to be determined at the discretion of the Federal Housing Commissioner. The maximum maturity is now established at 40 years by law, but not more than three-fourths of the remaining economic life of the property. Also, the minimum number of units in a rental project eligible under this program would be changed by this section from 10 units to 5 units.

The authority to insure mortgages on rental housing for profit would also expire on July 1, 1963, unless further extended, except for commitments issued prior to that date and except for housing for displaced families.

Avoidance of speculation

Your committee considered an amendment which would have confined section 221(d)(2) housing to single-family dwellings, thereby eliminating two-, three-, and four-family units. The amendment was offered because of concern that two-, three-, and four-family units might lend themselves to speculative practices and excessive rentals. Your committee shares this concern but decided against the finality

of an amendment which would completely exclude two-, three-, and four-family units. We are mindful for one thing of the fact that two-, three-, and four-family units have been eligible under section 221 since 1959 and the committee has received no evidence of any abuses so far. Accordingly, while we decided against an excluding amendment, we do strongly urge the Commissioner to take whatever steps he deems necessary, by regulation or procedural action, to prevent speculative and other abuses for housing of this category.

Liberalization of settlement terms on default

Recognizing that the 40-year, no-downpayment loan will not have universal acceptance among mortgage lenders, the bill attempts to enhance the investment attraction of these mortgages by liberalizing the terms of settlement with the lender in the event foreclosure becomes necessary. Specifically, for section 221 mortgages insured after enactment the bill would authorize the Commissioner in his discretion to agree at the time of commitment that the mortgage insurance claim payable in the event of a default would be paid in cash. Under present law the insurance claim is payable in FHA debentures and a certificate of claim. Regulations would be issued prescribing whether mortgages insured under the regulations would be payable in cash or in debentures. The regulations permitting cash payments could also provide that the lender, at the time of payment of insurance benefits, could elect to take the insurance payment in debentures. Cash payments would be permitted as an inducement to mortgagees to make the loans. The Commissioner would also be given authority to provide that the debentures would bear an interest rate in effect at the time of their issuance.

As another inducement for private investment in the one- to four-family home mortgages, the Commissioner could, in his discretion, provide for defaulted mortgages to be assigned to the FHA and insurance claims to be paid to the mortgagees without the mortgagees being required, as under present law, to foreclose the mortgage, or obtain the property in some other manner and convey title to the property to the Commissioner before receiving payment of the insurance claim. Mortgagees presently are permitted to assign mortgages in default in the case of multifamily housing mortgages. Under the bill the Commissioner could pay the mortgagee's claims without deducting 1 percent in the case of assignments of multifamily mortgages as now required.

While your committee recognizes that the authority to permit the FHA Commissioner to settle claims in cash is a novel departure for the FHA program, we do believe it is essential if these new and untried mortgage programs are to be successfully financed at least in part by private capital. In this connection, your committee would like to stress the fact that since its inception the GI loan program has always repaid lenders in cash upon default and this program has been outstandingly successful in meeting the housing needs of World War II and Korean veterans. Your committee also wishes to emphasize that the new authority to pay claims in cash and to permit the assignment of mortgages on one- to four-family homes is purely discretionary with the Commissioner and he would be expected to exercise the necessary prudence in formulating the terms and conditions under which these new liberalizing settlement features would operate.

LOW INTEREST RATE FHA-INSURED LOANS FOR RENTAL AND COOPERATIVE HOUSING FOR FAMILIES OF LOWER INCOME

Your committee has always given its closest attention to the need to bring housing costs down for families of moderate income. We have always recognized that however successful the regular FHA program has been, it cannot meet the need of many families in the lowest income bracket without some special form of financial assistance. We believe that the new low rental housing program proposed under the FHA represents a major step forward in coping with this basic problem which hitherto has defied solution. The essence of the new proposal is to provide long-term loans at a very low interest rate, using the FHA insurance machinery and providing the necessary funds through the resources of the special assistance programs of the Federal National Mortgage Association.

There are many families whose incomes are sufficiently high so that they are not eligible for low-rent public housing but who cannot afford homeownership even if assisted by FHA insurance of no downpayment, 40-year mortgage loans. This is particularly true of families living in central cities where high land costs make it impracticable to provide single-family homes. Many of these same families also cannot afford apartment-type housing even of modest design if it is financed at the going FHA interest rate and subject to the regular FHA insurance premium.

In order to help meet their needs, the nonprofit rental housing provisions of section 221 of the National Housing Act would be utilized for communities having workable programs for dealing with their overall problems of urban blight and housing. This section would be broadened to authorize a new program of long-term, low-interest-rate, 100-percent loans for rental and cooperative housing projects containing five or more dwelling units. The interest rate would be established at the discretion of the Federal Housing Commissioner below the market rate, but not lower than a minimum prescribed in the statute. This minimum would be the average market yield on all outstanding marketable obligations of the United States. At the present time the interest rate could be as low as 3½ percent. The section further provides that the interest rate to be charged shall be uniform for all types of borrowers.

In addition, the Federal Housing Commissioner could, if needed, to provide housing at sufficiently low rentals, eliminate the insurance premium for the mortgage, reduce the insurance premium, or impose a premium charge for only a part of the period the mortgage is insured.

The new program will be experimental in nature, expiring in 2 years unless extended, thus affording Congress the opportunity to evaluate the program.

The below-market interest rate and reduction of FHA mortgage insurance premiums would be made available only where the mortgagors are willing to operate the housing subject to related controls on rentals and income limits for admissions of tenants to the housing.

The loans could be purchased from the lender under the special assistance program of the Federal National Mortgage Association and would be processed and insured by the FHA. The mortgages bearing an interest rate below the market rate would, of course, be held in the FNMA portfolio.

Eligible borrowers could include, in addition to nonprofit organizations, cooperatives, local public agencies (except low-rent public housing authorities), and limited dividend corporations.

The bill provides that in all cases where the interest rate is below the market, or where the FHA insurance premium is waived, initial occupancy of the projects would be limited to families and individuals whose incomes exclude them from acceptable housing in the private market.

The mortgage loans with below-market interest and premium rates would be serviced by the FNMA in the same manner as it now services other mortgages that it holds on apartment-type projects. Construction would be inspected and project management would be supervised by the FHA in the same manner as is done in the case of other FHA-insured multifamily projects. That is, the FHA would process the original application for mortgage insurance, and in that connection would approve the plans and specifications, the mortgage amount, and the mortgage maturity.

The FHA would also establish and enforce maximum rentals; and would supervise management practices with respect to such matters as the establishment of appropriate reserves.

Appropriations would be authorized to reimburse the FHA section 221 housing insurance fund for any expenses and net losses it might sustain in connection with the insurance of mortgages under the special moderate income housing program.

HOME IMPROVEMENT AND REHABILITATION LOANS

Section 102 would provide an entirely new financing tool to step up the rehabilitation of existing housing.

Section 102 would make available to property owners loans for the improvement of their homes at monthly payments within their means. The loans would also be available for the improvement or rehabilitation of multifamily structures located in urban renewal areas. They would be made and insured by FHA with a minimum of difficulty to the homeowners but with enough safeguards to protect the borrowers from exorbitant financing charges and to assure that the loans would be used for basic property improvements rather than gadgets or lesser items. Provisions are also included in the bill aimed at making the loans attractive to private lenders.

According to reports of the Bureau of Census, in March 1960, there were 58.3 million housing units in the United States. Of these, 15.7 million units, or 27 percent, are substandard. Although many of these are so dilapidated that they should be demolished, most of them need repair or rehabilitation work in greater or lesser degree in order to make them structurally sound or supply them with necessary plumbing facilities. In addition, there are the unknown numbers of homeowners who wish to add a room to their homes or to add additional bathrooms and other facilities that would make their homes more adequate or livable for their families.

The most urgent need in this field is represented by some 75,549 home structures in urban renewal project areas (as of December 31, 1960) which after survey and inspection have been designated for substantial improvements and on which no repair work has been started. This represents 78 percent of the total number of structures

in these projects which were determined to be suitable for improvements. More and more urban renewal projects that are being initiated and approved contemplate substantial amounts of conservation and rehabilitation rather than complete clearance and rebuilding of the areas.

It is estimated that the new FHA home improvement loan insurance provisions would stimulate a countrywide activity in home improvement which could amount to an increase of \$4 or \$5 billion or more in construction business within the next 5 years.

FHA experience in its title I property improvement program (involving smaller loans and shorter terms) indicates that home improvement loans are safe investments for lenders. The proposed new program with its additional protections should be even more attractive to lenders. FHA has insured over 24 million title I loans totaling close to \$14 billion in amount. Insurance claims amounting to 1.84 percent of loans insured have been paid through 1959. Allowing for recoveries, the cumulative loss ratio amounts to only 0.84 percent. The new program should provide financing for the more extensive home repairs that cannot be financed under the FHA title I home improvement program.

Under the provisions of the bill, FHA would insure loans for the improvement and rehabilitation of homes and multifamily structures in urban renewal areas. Loans could also be insured for improvement of one- to four-family homes outside of urban renewal areas. The loans could be separate from and in addition to existing mortgages on the properties.

A loan could be up to \$10,000 per family unit in amount, or the estimated cost of the improvement, whichever is the lesser. The maturity could be up to 20 years (or three-fourths of the remaining economic life of the property, whichever is the lesser) and it would bear an interest rate not in excess of 6 percent. A service charge and appraisal, inspection, and design fees could be included in the amount of the loan.

As a protection to both the homeowner and the lender, the loan would be further limited to an amount which when added to any outstanding indebtedness related to the property being improved would keep the total indebtedness against the property within the limits which would be applicable if FHA were insuring a mortgage for the purchase and rehabilitation of the property. Thus, a homeowner would not be permitted to undertake a home improvement debt burden that would be excessive.

Advances during the improvement work would be eligible for insurance in order to assure the availability of interim financing of home improvements. Advances on a loan for the improvement of a one-family home could be insured if needed to enable the homeowner to start and continue the work.

The proposed program would eliminate the necessity of a homeowner refinancing any existing mortgage which may be outstanding on the property, unless for some reason the Commissioner finds refinancing should be required or would be more advantageous to the borrower. In many cases outstanding mortgages bear interest at 4 or 4½ percent so that refinancing in order to obtain improvement funds would require assumption by the borrower of a new mortgage bearing a higher interest rate. Many homeowners do not know how to go

about refinancing an existing mortgage in order to obtain funds for home improvements. In addition, refinancing means additional cost to the borrower in settlement costs, prepayment charges, and other charges which can amount to as much as 8 percent of the total amount of the refinancing loan, depending upon the circumstances and jurisdiction. Much of the additional costs could be avoided under the proposed program in many cases.

Under the bill the nature of the security taken for these new home improvement loans would be left to the judgment and discretion of the FHA Commissioner. Your committee heard considerable discussion on this point and there were misgivings in some quarters that more rigid security requirements should be written into the basic bill. While your committee shares the view that adequate security should be taken where desirable and necessary, it hesitated to impose too rigid a requirement which would hamstring the Administration in launching this new program. Your committee believes that in many cases collateral security would be required in the form of a lien on the borrower's property. Liens would be required in most cases involving large loans. In making the decision as to whether to require security, the FHA would be guided by such factors as the borrower's credit standing, the length of the loan maturity, and the total amount of the loan. The form of lien that would be required would not be the same in all instances. The lien form would conform to the type generally accepted in the locality as collateral security for this type of loan. In some instances, this would be in the form of a second trust or second mortgage. In some cases, the loan could be secured by the pledge of other property by the borrower, or by the cosignature of another person with good credit rating. The FHA insuring offices would process applications pursuant to general standards prescribed by the Commissioner.

Also it should be emphasized that these loans are to be made by private lenders who can be expected to exercise prudence and good judgment on the question of the adequacy of the security instrument.

In many cities, local urban renewal agencies would, with FHA assistance, work with homeowners in urban renewal areas in planning their home improvements. This would help to assure that the maximum benefits would be obtained from the home loans and the proceeds would not be dissipated on items that do not contribute substantially to the improvement of the home and the neighborhood.

Because the greatest need at the present time is in urban renewal areas, lenders would be given special inducements to make these new type loans for improvement or rehabilitation of structures in those areas. It is recognized that many lenders do not now make home improvement loans of the type proposed. In addition to FHA insurance of the loans, FNMA would be authorized to purchase the loans under its special assistance program from the lenders when they are made to improve homes in urban renewal areas. Also, the Federal Housing Commissioner would be authorized in his discretion to provide for payment of insurance claims of lenders in cases of defaults in cash upon assignment of the loans to the Commissioner. In this respect the program would resemble the present FHA title I property improvement loan program. The Commissioner could, however, provide by regulation at any time that insured loans could be given

FHA insurance benefits in the form of 10-year debentures, bearing interest at the rates in effect at the dates of their issuance.

The Commissioner would be guided in varying his regulations for payment of insurance benefits by the need for stimulating lenders to make the loans. The amount of FNMA special assistance available to the loans would also be a determining factor in this respect. It would be expected that cash insurance payments would be an inducement to lenders to hold the loans rather than selling them to FNMA.

HOME IMPROVEMENT OUTSIDE OF URBAN RENEWAL AREAS

FHA would also insure loans for the improvement or enlargement of one- to four-family dwellings (but not multifamily structures) that are not in urban renewal areas. The loans would have the same limits and requirements as for loans for improvement of properties in urban renewal areas, except that the loan and property outside of an urban renewal area must meet the traditional FHA test of "economic soundness." However, no FNMA special assistance would be authorized for these loans as is authorized for loans covering properties in urban renewal areas although the loans could be purchased by FNMA under its secondary market operations. In addition, insurance claims of lenders on defaulted loans would be payable only in 10-year debentures.

The "economic soundness" requirement does not mean that home improvement loans under this new program cannot be made available for properties in so-called gray areas that are susceptible to economic repair and rehabilitation. Properties in gray areas can be made eligible for home improvement loans if the localities assure the general upgrading of the areas by making them urban renewal project areas. The areas can be nonfederally assisted by grants and urban renewal loans and involve no slum clearance. All that is necessary is that the locality have a workable program and have a plan that has been approved by the local governing body and the Urban Renewal Administration for the conservation and rehabilitation of the area. Simple procedures have been developed for approving urban renewal plans for the rehabilitation and conservation of neighborhoods or areas that are deteriorating. These plans are necessary to guard against substantial expenditures inconsistent with desirable future land use in an area and to protect individual homeowners who would be willing to improve their homes but would otherwise not be assured that other homes in the areas would be improved.

OTHER CHANGES IN FHA MORTGAGE INSURANCE PROGRAMS TO ASSIST HOUSING IMPROVEMENTS AND REHABILITATION

The bill would also make changes in the present FHA section 220 urban renewal housing program for urban renewal areas. These changes are aimed at making the program more effective in financing housing improvement and rehabilitation. The section 221 relocation housing program would also be amended (by title I of the bill) in the same way for the same purpose. FHA insures mortgages executed for the purchase and rehabilitation of housing in urban renewal areas under its section 220 program, and under the section 221 program for housing for families displaced by urban renewal or other govern-

mental action. Mortgage insurance under the two programs is also available for refinancing of existing mortgages in order to provide funds for improvement and rehabilitation.

Under the present law, the basis for determining the maximum amount of a repair or rehabilitation mortgage is the "appraised value" of the property (as distinguished from "replacement cost" where used as the basis for new construction) after the repair or rehabilitation is completed. Under the bill the basis would be the sum of (i) the estimated cost of the repair and rehabilitation and (ii) the Commissioner's estimate of the value of the property before repair and rehabilitation.

The amendment is designed to permit mortgage amounts more adequate to finance the rehabilitation work. The present limit on mortgage amounts, which is based upon appraised value, frequently results in commitments to insure mortgages which are not usable because the insurable mortgage is too low. This requires the mortgagor to make a large cash investment in order to finance the necessary rehabilitation. This could happen in any case where the mortgagor's cost of acquisition before rehabilitation plus costs of rehabilitation would exceed the appraiser's estimate of the market value after rehabilitation. Although appraisers are instructed to take into account the upgrading that would result from renewal of the neighborhood where the housing is in an urban renewal area, in the early stages of redevelopment there is little evidence, if any, of sales of rehabilitated properties to translate into dollar values. The appraiser is influenced most strongly by evidences in the market of what properties are presently selling for. This may be less, in the appraiser's opinion, than what an individual owner considers his property to be worth after rehabilitation.

Under the proposed change, a more realistic estimate of the total required investment in the property (value before rehabilitation plus estimated cost of rehabilitation) is produced. In some cases this could permit a mortgage amount which might exceed the value of the property as determined on the basis of the conventional appraisal standards. On the other hand, as the neighborhood is improved this value will be attained.

To encourage lenders to make mortgage loans to finance both rehabilitation and new construction of homes in urban renewal areas and for displaced families, the Federal Housing Commissioner would be given discretionary authority to prescribe regulations which would permit insurance benefits in cases of defaults on section 220 or section 221 insured mortgages to be paid in cash upon assignment to him of the mortgages. Under the present law, insurance benefits are payable only in debentures accompanied by a certificate of claim. Also, at the present time, in the case of mortgages on one- to four-family homes the Commissioner cannot pay insurance benefits (with the exception of only one type of default) to mortgagees upon assignment of defaulted mortgages. Instead, the mortgagees are required to foreclose the mortgage or obtain title to the mortgaged property in some other manner, and convey the title to the Commissioner before the insurance claim can be paid. Under the new provisions the Commissioner could permit the mortgages to be assigned to FHA for payment of insurance claims and the mortgagees would be relieved of the responsibility of handling foreclosures and taking care of the acquired prop-

erties up until the time they are conveyed to the Commissioner. Cash payments and assignments should be an inducement to lenders to make the mortgage loans without FNMA special assistance.

EXPERIMENTAL HOUSING MORTGAGE INSURANCE

Section 103 would authorize a new program under which FHA would be authorized to insure mortgages on homes or rental housing incorporating new and untried materials, design, and construction methods and involving experimental property standards and neighborhood design. The program is designed to assist in reducing housing costs and improving housing standards. The FHA would be authorized to make investigations and analyses of data and to publish and distribute reports on this program.

The FHA could correct any defects or failures in a house which it finds are caused by or related to the advanced housing technology. This authority would permit FHA, for example, to make a house sound and livable in case a new type roof or wall proved to be inadequate, if it is not possible for the mortgagor to obtain such correction from the builder or sponsor of the house.

A mortgage eligible under this new program could be insured if it meets requirements of the regular mortgage insurance programs, except that the property would not have to meet the "economically sound" requirement. Instead, it would need to be an acceptable risk giving consideration to the need for testing advanced housing technology. Also the Commissioner's estimate of the cost of replacing the property with a house of comparable conventional construction would be used in lieu of value for determining the maximum amount of the mortgage.

The Commissioner would be given discretionary authority, in the case of defaults on mortgages covering experimental housing to provide by regulation that the insurance claims would be paid to the mortgagee in cash upon assignment of the mortgage to the Commissioner.

INDIVIDUALLY OWNED UNITS IN MULTIFAMILY STRUCTURES

Section 104 authorizes the FHA Commissioner to insure a mortgage covering a family unit in a multifamily structure and an undivided interest in the common areas and facilities which serve the structure.

The structures are frequently referred to as "condominiums." The condominium concept is similar to that of a cooperative, with the principal exception that the individual unit in a multifamily structure is owned by the occupant and can be separately encumbered by a mortgage (as well as separately conveyed). Each unit owner also owns a share in the common area and facilities of the building, such as the land, the foundations, halls, lobbies, and stairways. The common area and facilities remain undivided and are not subject to division. The necessary maintenance of the property and use of the common facilities are governed by agreement between the individual owners of units in the building. The common profits and expenses of the building are distributed among the owners of individual units. Puerto Rico has a special law entitled the "Horizontal Property Act" which establishes the property rights in condominiums in Puerto Rico and

provides certain requirements that must be met by the original owners of the condominium structures and the purchasers of the family units in the condominiums.

Under the bill, an insured mortgage could cover a family unit owned either in fee simple or under a long-term lease. In both cases the mortgagor would own an undivided interest in the common areas and facilities of the structure. The common areas and facilities could include the land, and such commercial, community, and other facilities as are approved by the Commissioner. The mortgage would be required to contain such provisions as the Commissioner determines are necessary for maintenance of the property and use of the common areas and facilities and the structure. The Commissioner would also be authorized to require the rights and obligations of all the owners of units in a structure, as well as the mortgagors, to be subject to controls he determines are necessary and feasible to promote and protect individual owners.

Mortgages would be restricted to those covering family units in structures which are or have been covered by FHA-insured mortgages (other than cooperative housing mortgages). Where the structure is subject to the FHA mortgage, the family unit sold would be released from the lien of that mortgage. The structures could be new, existing, or rehabilitated. This would assure that all of the structures would have been built or rehabilitated with the benefit of FHA minimum property requirements, inspections, and appraisals.

The Commissioner could require that a minimum number of the units in a structure would be offered for sale before he approved insurance of mortgages financing the purchase of any of the dwelling units. The remaining units could be rented.

The amount of a mortgage insured could not exceed (1) the per room and per family unit limits of the section 207 rental housing program or (2) the loan to value ratios of the section 203 home mortgage program as heretofore in effect. The maximum maturity would be 30 years or three-fourths of the Commissioner's estimate of the remaining economic life of the structure, whichever is the lesser.

Other provisions applicable to section 203 would also be applicable to mortgages insured under these provisions of the bill. This would include the statutory maximum interest rate and the minimum downpayment.

Subsequent refinancing of FHA mortgages covering units in a multi-family structure and their insurance under this new program would be possible, provided the unit and the refinancing mortgage meet the FHA requirements then in effect.

TITLE II—HOUSING FOR ELDERLY PERSONS AND LOW INCOME FAMILIES

HOUSING FOR THE ELDERLY

One of the most urgent needs in the field of housing is the provision of suitable accommodations for our elderly citizens. This older age group is growing more rapidly than the population as a whole and, generally speaking, its incomes are substantially lower. To meet this need the Congress authorized a program of direct loans to non-profit corporations in the Housing Act of 1959. These loans carry

terms up to 50 years and bear interest determined by a formula which reflects the cost of money to the Government (currently 3½ percent).

Since this program was activated in July 1960 by the appropriation of loan funds, there has been a rapidly growing interest. So far funds totaling \$7.8 million have been reserved for 18 projects, and additional applications now on hand total over \$40 million. The HHFA reports that it has received thousands of inquiries concerning the program.

In this connection, the committee commends the Administration for two actions taken since January. First, it removed the 50-unit ceiling previously imposed, thus permitting larger, more efficient projects. Second, it revoked the administrative ruling that only permanent financing would be provided so that Federal funds could be advanced during construction.

In view of the tremendous need for housing for the elderly and in the light of more sympathetic administration of the program, it is clearly evident that the original authorization of \$50 million should be increased. Therefore, the committee bill would authorize an additional \$100 million for appropriation for these loans.

The committee bill would also eliminate the 2-percent equity requirement now contained in existing law. This will facilitate the use of the program, and your committee feels that it is particularly warranted in view of the fact that the new program of low-interest loans under FHA section 221, which would be authorized under this bill, would provide for 100-percent financing. Other amendments to existing law would reduce from 62 to 60 the minimum age at which families or individuals constitute "elderly families or persons" for purposes of determining eligibility for occupancy. Also, consumer cooperatives would be made eligible under the program as well as private nonprofit corporations.

LOW-RENT PUBLIC HOUSING

Additional authorization of units

Your committee is gravely concerned by the plight of millions of American families condemned by low incomes to live in slum housing. For a great many of these families the only hope that they will ever be able to occupy decent homes is the low-rent public housing program. For these people, public housing is of inestimable value in providing safe and sanitary dwellings in which to raise their families.

In the Housing Act of 1949, the Congress took a great forward step in authorizing a program of 810,000 low-rent units. Unfortunately the opponents of the program have succeeded in throwing successive roadblocks in its way. In 1959, the Congress authorized approximately 150,000 additional units but this bill met with a Presidential veto. A later bill authorized 37,000 units though even this was strongly opposed by the administration. For some time, administrative restrictions and delay prevented the use of a single unit. Recently, however, a more sympathetic administration of the program has eliminated these barriers and the entire existing authorization will be used up within a month.

Unless the Congress acts now, no new activity will be possible under this program after June 30. However, the critical need for this assistance will not stop there. In fact, a backlog of need has grown

up in recent years. In spite of the large number of new homes added to the inventory since the end of World War II, millions of substandard units are still in existence. Many will inevitably remain in use unless public assistance is provided, because of the extremely low incomes of a substantial part of our population. In 1956, the Bureau of Census found that 4 million families with incomes of less than \$2,000, and another 2 million with incomes between \$2,000 and \$4,000, were living in substandard housing. The sole opportunity of many of these people to improve their housing conditions is through the provision of low-rent public housing.

A special need for additional units arises in the case of families uprooted from their homes by Government action. Certainly the Government owes a special obligation to these families thrown out of their homes, however poor the housing may be, and forced to seek housing elsewhere. Families who cannot now afford decent housing are thereby forced to move to other slum units. It is estimated that about 45,000 low-income families eligible for public housing will be displaced in 1961 alone. A continued and, in fact, increasing need for additional low-rent units to take care of families displaced by urban renewal can be expected. Title III of this bill would authorize \$2 billion in urban renewal grants—doubling the amount presently available. The administration has already taken action to accelerate this program and it can be expected to operate at a rising level for some time.

Failure to provide adequately for the rehousing problems of displaced families could become the "Achilles heel" of the urban renewal program. That program has widespread and vigorous support today in recognition of the vital contribution it can make toward creating better cities. However, your committee feels that the Government would not be accepting its full responsibilities if it enacted only half a program by failing to provide assistance for families of lowest incomes who will be displaced.

Another particularly urgent need for additional authorization for this program is that of providing decent housing for elderly families of low incomes. As the President stated in his message on housing, some part of these units should be set aside to meet the special needs of the elderly. Our older citizens include many of the very lowest income families and individuals in our population. Often they have no prospect whatsoever of increasing their incomes. Your committee feels that we cannot in good conscience abandon these people to live out their lives in the slums.

To meet these needs the committee bill would authorize approximately 100,000 additional low-rent units by restoring the unused dollar balance of the annual contributions authorization originally provided under the 1949 act.

This section also provides that the percentage of future annual contributions which can be used in any one State would be set at 15 percent of the amount remaining available after enactment.

Additional subsidy for elderly tenants

Reflecting the fact that elderly families are among the very lowest income groups, the average income of older people admitted to public housing projects in 1959 was \$500 less than the average of all families

admitted. Local housing authorities are therefore handicapped in admitting such families because of the prospect of insolvency of the project if they admit too many. Therefore, the bill would authorize the payment of an additional \$120 a year for each dwelling unit occupied by an elderly family. This additional payment would be made only where the amount was necessary in the determination of PHA to enable the local authority to provide the dwelling unit for the elderly family at a rental it could afford and still maintain the solvency of the project. Funds for these additional subsidies would be derived from PHA's regular authorization for annual contributions.

Extension of waiver in case of veterans and servicemen

The committee bill extends by 4 years (to October 1, 1965) the exemption accorded veterans and servicemen and their families from the requirement that a family to be admitted to a low-rent housing project must have come from substandard housing or have been displaced by Government action.

Elimination of income gap

Another provision of this section would eliminate the present requirement that there be a gap of 5 percent between project rentals and private rentals in the case of families displaced by urban renewal or other Government action and 20 percent in the case of elderly persons. Your committee believes that families uprooted from their homes should not be allowed to find themselves in a "no man's land" in which they are excluded from low-rent housing projects and yet cannot afford decent, safe, and sanitary housing in the private market. Similarly, families of advanced age should not be turned away unless their incomes are truly high enough to provide suitable homes on the private market. This provision would not affect the existing requirement of a 20-percent gap in rentals for other families.

Repeal of section 10(j)

Since the inception of the low-rent housing program in 1937, Federal contributions to local projects have been regarded in the nature of welfare payments, with no expectation that local governments were obligated to repay the contributions. However, in the Housing Act of 1954, a requirement was imposed that in the case of projects undertaken after the 1954 act, when the project indebtedness has been liquidated (generally 40 years), any future net earnings be divided between the Federal Government and the local government in proportion to their respective contributions to the project.

Your committee believes that this requirement is unwarranted and not in keeping with the nature of the low-rent housing program. Moreover, it is evident that the amounts involved are negligible. Residual receipts from projects have been declining steadily because administrative costs have risen, as have costs generally, while average incomes of tenants have shown little change. The result is that at present Federal contributions average about 90 percent of the contract maximum. By the time the debt on these projects is paid off, normally 40 years, it is unlikely that any further residual receipt will be received. Therefore, the committee bill repeals this requirement.

TITLE III—URBAN RENEWAL AND PLANNING

The bill would provide a substantial increase in the authorization for title I slum clearance grants to give cities the financial aid to rebuild which they will need over at least the next 4-year period. It would also minimize the financial burden on smaller communities which participate in the urban renewal program. Several important provisions would provide relief and assistance to small businesses displaced by urban renewal activities. It contains other important provisions to improve rehabilitation operations under urban renewal. More latitude would be permitted for the development of nonresidential areas. The same urban renewal benefits presently enjoyed by colleges would be extended to hospitals. And, finally, the bill substantially expands the planning programs essential to orderly urban renewal operations.

INCREASED FEDERAL CONTRIBUTION IN SMALLER COMMUNITIES

Section 301 of the bill would increase the Federal grant from two-thirds to three-fourths for communities of 50,000 or less, as well as for communities up to 150,000 which qualify for assistance under the area redevelopment legislation. Your committee has long been convinced that smaller communities are at a relative disadvantage in the urban renewal program and that in equity their required contribution to the cost of the project should be somewhat lower than that of larger cities. In the first place, smaller communities do not have the large staffs and facilities which larger cities enjoy. But more important, since their volume of civic improvements is often at a lower volume, they quite often are unable to enjoy the advantages which larger cities have of meeting their one-third requirement through noncash grants-in-aid.

CAPITAL GRANT AUTHORIZATION

Possibly no single Federal program has proven to be of greater benefit to our cities than the program of slum clearance and urban renewal created by the Housing Act of 1949. With the assistance of Federal grants, hundreds of communities of every size have been enabled to make a direct attack on the problem of slums and urban blight. The success of this program has been reflected in widespread support from every quarter, including business and civic groups and local government officials. In spite of this progress a serious problem of urban blight remains reflecting the neglect of many years and the pressure of growing and changing population and pattern of land use. Serious areas of slums, both residential and business, still exist. Your committee is convinced that our efforts in this field should be accelerated to achieve the goal set out in our national housing policy of "a decent home and a suitable living environment for every American family as soon as feasible," and to make our cities better places in which to live.

The productivity of the American economy, its ability to provide luxuries for those who can afford them and its ability to amass billions of dollars every year for business investment, is a source of universal pride. However, your committee feels that investment in urban development and redevelopment has not received all of the impetus

it deserves. Certainly the condition of our cities, where a majority of the American people live and work, should be a matter of serious concern. The urban renewal program is one of the principal ways in which communities are enabled to undertake programs vital to their own improvement. Virtually every city in the country of any size has some residential or business slum area which its citizens feel should be eliminated.

Local government by itself, however, is rarely able to undertake a slum clearance project on its own. Limited tax revenues and the increasing pressure of demand for public services severely limit its capacity to finance such projects. Here the community is caught in a vicious circle. It cannot, by itself, afford renewal programs, while at the same time these very same slum areas are sapping the community's financial strength. Only with the aid of the Federal Government can most slum clearance projects be carried out.

This aspect of urban renewal, the beneficial effect of local physical strength, is one which has received growing recognition. It has long been recognized that blighted areas cost more in public services than they return in tax revenues. Experience so far under the program has shown that tremendously increasing revenues can be obtained after redevelopment. More and more communities have come to recognize the fact that participation in the urban renewal program is vital in creating financial resources necessary to provide all of the services which their citizens require. In view of the billions of dollars of wealth represented by our cities and their importance to our economy, the funds provided for this program are relatively small. They are far less than a business organization would devote to the maintenance and replacement of comparable investments. Your committee believes that one of the wisest investments that can be made by the Federal Government is through urban renewal grants to improve our cities.

The demand for urban renewal funds can be expected to grow as cities now under the program step up their operations and as additional communities undertake projects. In addition, special requirements for funds will result from new legislation. The relatively recently passed depressed area legislation which would permit the use of urban renewal funds for the redevelopment of nonresidential property in depressed areas will augment demand. Increased demand is also expected in consequence of the growing interest in urban renewal by universities and colleges. In addition, two provisions of the 1961 legislation would further require the use of urban renewal grants, the provision which encourages urban hospitals to take advantage of the urban renewal program to expand their facilities in the environs of the hospital, and a provision which would permit a larger use of urban renewal funds for redevelopment of nonresidential areas. Also, the committee bill provides for an increase in the Federal share of urban renewal costs from two-thirds to three-fourths for small communities which will enable more of them to receive the benefits of the program.

To meet these needs the committee bill would increase the aggregate amount of urban renewal grants available by \$2 billion. This amount would permit over a period of 4 years a level of urban renewal activity geared to available local resources for the financing and carrying out of projects during the period.

Your committee is firmly convinced that this amount is an absolute rockbottom minimum needed for this program. Any smaller amount would be an irreparable breach of faith with our 150 million urban Americans.

AID TO DISPLACED BUSINESSES

Your committee has long been aware of the hardship under existing law which often faces some smaller businesses which are forced to incur heavy moving expenses as a result of urban renewal activities. In some cases the present \$3,000 maximum allowance does not cover actual out-of-pocket moving expenses. To correct this obvious inequity, the bill would provide that relocation payments to displaced business concerns may equal their total certified actual moving expenses (where reasonable and necessary as provided by the definition) without an arbitrary ceiling. The cost of these payments, as under existing law, would be borne by the Federal Government.

Section 304 would provide additional financial assistance for business concerns displaced through urban renewal activity. Section 7(b) of the Small Business Act would be amended to permit loans to be made to any small business concern which is displaced by urban renewal activity and which may have suffered substantial economic injury as a result of its displacement.

Under existing law, business concerns displaced by urban renewal activity are reimbursed only for their necessary moving expenses and for any direct loss of property resulting from the displacement. No allowance is made for loss of goodwill or profit or other business losses sustained by the firm because of its displacement.

In view of the serious losses that many small businesses undergo when displaced from an urban renewal area, it is believed only equitable that these concerns have an opportunity to borrow funds from the Federal Government under the same terms as a small business affected by a catastrophe. Such loans may be made for periods not exceeding 20 years and for interest rates not exceeding 3 percent per annum. Participating loans with banks or other lending institutions also may be permitted in which the Federal Government's share of the loan would be limited to an interest rate of 3 percent per annum.

RESALE OF URBAN RENEWAL PROPERTY

Section 305 would permit property in an urban renewal project to be sold or leased to (1) a limited dividend corporation, nonprofit corporation or association, cooperative, or public body or agency, or (2) a private developer (other than in clause (1) above) committed to an FHA-insured section 221 project on the site, at a price which would facilitate occupancy by moderate income groups in new or rehabilitated rental or cooperative housing. Existing law requires property in an urban renewal area to be sold at its fair value for uses in accordance with the plan. Therefore, the price is usually based on a normal market transaction. Interested developers (as well as FHA) and land appraisers cast the market price in terms of the highest level of use in accordance with the renewal plan.

The bill would permit land prices to be set, not in terms of the highest possible market, but in terms of a specific market which is not being well served in the community as a whole—housing for fam-

ilies of moderate income for whom adequate rental accommodations are not available in sufficient quantity, but whose income excludes them from public housing.

REHABILITATION

Section 306 would permit local public agencies to carry out rehabilitation demonstrations in urban renewal projects. It would enable local public agencies to acquire properties, improve them, and sell them to private owners. The cost of such demonstrations would be included in the net project cost which is borne two-thirds by the Federal Government and one-third by the locality (or three-fourths and one-fourth in certain cases; see above).

This provision in the bill is designed to allow maximum flexibility for demonstration and experiment. Local agencies could use this authority to demonstrate the kinds of rehabilitation practicable for any area or for certain kinds of properties. Local authorities could use demonstration houses as laboratories in which other property owners could be shown "how to do it." Experimentation, in efficient uses of labor in rehabilitation, and mass facility purchasing could go far in the stimulation and development of a rehabilitation industry, on both a large scale and job-by-job basis. Finally, there is nothing like actual, priced examples of what can be done to stimulate property owners to undertake rehabilitation on a voluntary basis. When property owners can see a grouping of homes and related facilities that have been rehabilitated they can best visualize what can be done for their entire neighborhood.

While your committee supports such a program to permit experimentation in the rehabilitation field, we do not believe that the Government should enter into the home rehabilitation business on a mass basis. Accordingly, the bill contains a provision limiting this new program on a pilot basis to a maximum of 100 dwelling units or 5 percent of the total dwelling units in the area to be rehabilitated, whichever is less.

INCREASE IN NONRESIDENTIAL EXCEPTION

Section 307 would permit 30 percent instead of 20 percent of urban renewal grant authority to be used for the renewal of areas not filling the predominantly residential requirement of the law.

Urban renewal project areas presently are required to be "predominantly residential" in character either before or after renewal, except that 20 percent of available urban renewal grant funds may be devoted to projects without regard to this requirement. In addition, exceptions to the requirement are provided for disaster areas and for certain projects in the vicinity of colleges or universities. Another exception is to be found in the recently enacted Area Redevelopment Act (Public Law 87-27), to stimulate industrial and commercial development in depressed areas.

Originally, the Housing Act of 1949 made no provision for such exceptions, as urban renewal was regarded almost solely as a tool for the removal of slums and the provision of good residential neighborhoods. Over the years, however, it became clear that the construction of good neighborhoods was intimately tied to the economic health

of the community. The revitalization of industrial, commercial, and downtown areas so as to attract job-creating private investment was realized as a necessary goal to which urban renewal could make a substantial contribution. Consequently, a 10-percent exception to the "predominantly residential" requirement was put into the Housing Act of 1954, and this was raised to 20 percent in the Housing Act of 1959. Under existing law this amounts to \$313.6 million. Practically all of this has been committed at this time.

With growing attention to the needs for downtown renewal, it appears necessary to increase the exception to provide for a greater number of projects of this type. The economic, institutional, and cultural bases of community life are increasingly recognized as necessary to the creation and continuing existence of good homes in sound urban neighborhoods.

URBAN RENEWAL AREAS INVOLVING COLLEGES, UNIVERSITIES, OR HOSPITALS

Section 309 rewrites section 112 of the Housing Act of 1949, which section was added by the Housing Act of 1959, to provide special benefits for urban renewal projects that are undertaken in connection with urban colleges and universities, and makes six substantive amendments. Under existing law, section 112 permits waiver of the predominantly residential requirement in such projects and also permits, as a noncash grant-in-aid, credit for expenditures made by the universities for the acquisition and clearance of property within or in the environs of the urban renewal projects.

The section would permit the same benefit to hospitals as is provided under existing law to educational institutions. Many hospitals located in the central sections of cities are surrounded by blighted property. In order to expand, hospitals should have the same opportunity to benefit from the urban renewal techniques as educational institutions.

Other amendments would improve and clarify the legislation regarding noncash grant-in-aid credit for expenditures made by universities or hospitals.

URBAN PLANNING

The bill would change the urban planning grant program (sec. 701 of the Housing Act of 1954) to (1) increase the Federal share of costs of planning activities undertaken under that program from one-half to two-thirds, (2) increase the authorization for appropriations for grants from \$20 million to \$50 million, (3) clarify eligibility of transportation planning for assistance, and (4) facilitate interstate planning for metropolitan areas and other urban areas crossing State boundaries (sec. 310 of bill).

1. The increase in the Federal share from one-half to two-thirds would enable States to give broader assistance to planning in smaller communities and would stimulate metropolitan planning. The Housing Act of 1954 recognizes the need for State operations on behalf of smaller communities in the resolution of development problems and the need, in larger urban areas, for an attack on such problems on a State, regional, or metropolitan basis. An increase in the Federal share in the urban planning assistance program would facilitate such

actions. The program was originally developed in part in recognition of the fact that local funds for planning are hardest to obtain in smaller cities and for area-wide planning activities.

This increase is also designed to facilitate the coordination of highway planning and general urban planning by bringing the Federal share of costs of the latter closer to the level provided for highway planning.

2. The increase in the Federal share will in itself, of course, require some increase in authorization. However, heavily increased demands for planning assistance are expected to derive from several other sources, which will constitute the major need for increased authorization. These sources are:

(a) The broadened program under the Housing Act of 1959, providing assistance to communities with populations up to 50,000 (from a former 25,000 limit) to groups of adjacent small communities, to counties under 50,000 in population, and to States for State and interstate comprehensive planning. There has been an increasing participation and interest on the part of these newly eligible communities, counties, and States.

(b) The recent agreement between the Housing Agency and the Department of Commerce to jointly assist coordinated highway and general planning activities, particularly in urban areas. Although this is regarded as experimental, wide expressions of interest have been received from all over the country. The costs of these large scale projects are expected to be substantially higher than those of typical section 701 projects.

(c) Increasing attention to the general planning aspects of mass transportation development in metropolitan areas. This type of planning is now possible under the present law if sufficient funds are available.

(d) Proposals for programs of assistance to depressed areas extending urban planning assistance to communities in such areas regardless of population.

Assurance of adequate funds will enable States to establish assistance programs for smaller communities on a more systematic basis and will permit metropolitan agencies to increase the scope and intensity of their planning activities. The uncertain availability of Federal funds in the past has been an inhibiting factor on such activities. Thus far, \$16.4 million has been appropriated of the presently authorized \$20 million.

3. The insertion of the phrase "including transportation facilities" into the urban planning law is intended to clarify the fact that transportation facilities are public facilities and, therefore, that transportation planning is eligible for assistance under that law.

4. Blanket authorization for compacts between States for planning activities assisted by this program is to provide assurance to States that the constitutional prohibition on interstate compacts is not violated by agreements between States to engage in joint planning activities. It would relieve the States of having to obtain congressional consent for each such joint planning activity contemplated over a period of time. This blanket authorization would not, of course, run to other joint undertakings between States that might require congressional approval.

At the present time there are 215 standard metropolitan statistical areas of which 22 extend beyond a single State. There are, in addition, a variety of lesser urban areas lying across State lines which should be planned as entities. This general authorization for interstate planning will permit and encourage interstate planning activities eligible to be assisted under the urban planning assistance program.

TITLE IV—COLLEGE HOUSING

Section 401 would provide for increases in the college housing loan authorization of \$300 million beginning on July 1 of each of the 4 years 1961 through 1964. The bill would also increase the two separate limitations on the amount of Federal loans which can be outstanding for "other educational facilities" (including dining halls, cafeterias, student centers, and other facilities related to housing) and for the housing of student nurses and interns by \$30 million respectively on July 1 of the years 1961 through 1964.

Title IV of the Housing Act of 1950 authorizes the Housing Administrator to make loans to institutions of higher learning to provide housing and related service facilities for students and faculty, and to hospitals for the housing of student nurses and interns, where such assistance is not otherwise available on equally favorable terms. The loans may extend for 50 years, although in practice maturities have been held to 40 years. The interest rate is equal to the average interest rate on the entire Treasury debt, plus one-quarter percent.

As of May 1, 1961, the revolving fund authorization for the college housing program totaled \$1,675 million with ceilings of \$100 million for hospitals and \$175 million for "other educational facilities." At the end of April, a total of 1,317 loans in the amount of \$1,301 million had been approved under the program. At that time there were 308 applications totaling \$356,041,000 for which reservation of funds had been made, bringing the total funds committed to more than \$1.6 billion. Taking into account repayments and adjustments in final applications, the uncommitted balance of the college housing fund amounted to \$42 million on May 1, 1961. In the pipeline from the regional offices were 53 applications, totaling \$52.8 million for which funds had not yet been reserved.

Over the 10-year period of the existence of this highly successful program, and including reservations of funds, the program is providing assistance to about 1,550 projects which house 380,000 students and faculty (including student nurses and interns) and more than 500 related facilities such as college unions, dining halls, and health centers. The committee would like to emphasize that to date there have been no defaults in principal or interest under the program.

The expected increase in college enrollments is from 3.6 million in 1960 to over 6 million in 1970, and it is assumed that about 25 percent of the increased enrollment will require housing. Colleges and universities must develop orderly planning to accommodate these students and your committee believes that a 4-year program to permit them to gear their plans into the funds available under the program will be of the greatest benefit.

Based on testimony before the Subcommittee on Housing your committee believes that the increases in the college housing authorization as provided in the bill will give institutions of higher learning

assurance that adequate loan funds will be available during the next 4 years to finance the housing needed to meet expanding enrollments.

TITLE V—COMMUNITY FACILITIES

THE NEED FOR ACTION

The most pressing problem facing many American communities, particularly smaller communities, is the provision of adequate water and sewer facilities and other public works. This has been testified to repeatedly in hearings held by our committee in recent years and it is clear that the problem has reached emergency proportions in many places. Over the past two decades, public investment in community facilities has not kept pace with the need and it appears if the bottleneck—financing—is not overcome we will fall further behind in the decade to come. To meet this need the committee bill provides for the expansion and liberalization of the present public facility loan program to meet the needs of smaller communities.

While many types of public facilities are urgently needed to provide our citizens with the community services they need for modern living, none is more urgently needed than improvements in local water and sewer systems. Already many communities are confronted with dangerous levels of water pollution and periodic water shortages. If nothing is done, these problems will become even more serious in the years ahead.

In 1945, public water systems were called on to deliver 12 billion gallons a day; in 1955, the demand had risen to 17 billion gallons a day; by 1965, it is estimated that we will need 25 billion gallons a day. Thus, water consumption 10 years hence will be half again higher than at present.

There is a special need at the present time to encourage public construction. The modest amount of economic recovery that has occurred so far has not been enough to reduce unemployment to tolerable levels. A further spur is needed to bring the Nation back to full employment within a reasonable time. Local public facilities can give timely aid in this connection in view of the fact that many projects are already planned and can be started in a short time if liberal financing is made available. Under the advance planning program administered by the Community Facilities Administration there is now a reserve of \$1.3 billion of local construction projects which have been planned fully and an additional \$850 million in various stages of planning.

In this connection, your committee commends the administration for recognizing the potential value of the public facilities program as an economic stimulant in the actions taken in February of this year to encourage greater use of the program. At that time, interest rates were reduced, population restriction was removed, and other public works—except those already receiving Federal aid—were made eligible in addition to sewer, water, and gas systems as had been the case previously.

Not only would an expanded level of public facility construction contribute importantly to combating the present economic slump, but it would also contribute importantly in maintaining a high and stable level of economic activity. In view of the backlog of need

for local public works and the pressures of population expansion which will be present at least throughout the next decade, a continuing program of aid to these vital community facilities can help avoid future business instability.

While your committee finds that a backlog of need for local community facilities exists, it does not intend to imply in any way that local governments have not strained every effort to meet their responsibilities. It is widely recognized that our towns and cities are hard pressed to meet their financial responsibility. Sources of tax revenue are under heavy strain in almost every case. Moreover, individual government units are at a disadvantage in imposing additional tax burdens because this often has the effect of driving industry and employment to other locations. In spite of this, local government tax revenues increased nearly 30 percent just in the 4 years ending 1959, while outstanding debt rose nearly 40 percent. In the same period, Federal tax revenues rose 13 percent while Federal debt increased 4 percent. However, it is evident that many communities are reaching the practical limits of their financial ability.

A special problem faces many smaller communities which are confronted with the prospect of certain population expansion which must be provided with water, sewer, and other community facilities. However, present tax resources are too small to enable them to plan ahead resulting in inefficient and inadequate construction that will require expensive improvements in the future.

Your committee believes that the greatest need for loan assistance exists in smaller communities. This is because our metropolitan centers have ready access to the financial markets. They enjoy established credit because they are frequently in the market for funds and their varied industry resources often give them higher rates. The result is that these larger cities aided by the benefit of exemption from Federal income tax on the interest on their securities already enjoy low interest rates. On the other hand, smaller communities which lack familiarity with municipal financing transactions and often use more limited financial resources are less favored in the regular money markets and so must pay substantially higher interest rates.

EXPANDED LOAN AUTHORIZATION

To meet these serious and growing needs, the committee bill would make loan funds available by building on the existing public facility loan program. The present authorization of \$150 million for that program would be increased by an additional \$500 million. Your committee believes that this is a minimum amount necessary to meet present urgent needs and to assure communities that they can plan for some time ahead.

These loans would be available to communities with populations up to 50,000. Because of their special needs an exception is made in the case of places designated as depressed areas under section 5(a) of the Area Redevelopment Act, in which case the population ceiling would be set at 150,000. Your committee recognizes that some funds were made available for certain community facilities under the terms of that act but it notes that these are restricted to projects which, in the words of the act, "will tend to improve the opportunities in the redevelopment area where such project is or will be located for the

successful establishment or expansion of industrial plants or facilities which will provide more than a temporary alleviation of unemployment or underemployment in such area." Thus additional provision is needed to assist in meeting the equally important objectives of health and other public needs.

The provision in existing law which gives processing priority to communities of 10,000 population or less and to water and sewer systems and gas transmission lines would be continued. Your committee feels that special attention should be given to the needs of our smallest American communities. The maximum loan for any one project would be limited to \$10 million.

REDUCTION IN INTEREST RATES

In his message to the Congress on "Urgent National Needs," delivered May 25, 1961, the President stated:

Some further downward adjustments in interest rates, particularly those which have been slow to adjust in the recent recession, are clearly desirable; and certainly to increase them would choke off recovery.

Your committee heartily agrees with this view. The oppressive effects of the tight money policy of recent years have been closely observable in such fields as home mortgage credit and financing by local government, particularly smaller communities. It is well established that the high interest rate policy had an uneven impact on the economy. While some borrowers, particularly large corporations, were scarcely deterred at all, others felt the full impact. Our smallest communities are among the very first to be forced out of the money market.

As noted, the administration recently reduced the interest rate on public facility loans by one-quarter of 1 percent. However, the present interest charge of $4\frac{1}{8}$ percent on general obligation bonds and $4\frac{3}{8}$ percent on revenue bonds are still too high and discriminate against worthwhile projects undertaken by small towns compared to the rates available to larger communities. Therefore, the bill would set the interest rate on these loans through a formula which fully reflects the cost of money to the Federal Government.

This provision establishes the rate to be charged at the average interest rate on all outstanding Federal debt, plus one-quarter of 1 percent to cover cost of administration. For the current fiscal year this produces a rate of $3\frac{1}{2}$ percent. This is the same formula now employed in the college housing and housing for the elderly programs and is also the formula used for community facilities loans in the area redevelopment legislation. Thus, no subsidy is involved in this rate since it covers the actual rate paid by the Treasury and also administrative costs, and yet, at the same time, benefits smaller communities by giving them rates lower than they would generally have to pay in the private market.

TECHNICAL ADVISORY SERVICES

Many smaller communities are handicapped in borrowing in the private market by the fact that they have limited and only occasional experience in doing so. Thus they are at a serious handicap in dealing

with the complexities of the municipal bond market and their overhead cost on a bond issue is correspondingly high.

The Federal Government now provides a vast amount of technical and professional information and assistance to industry and other segments of the economy. However no agency presently provides financial counseling to small communities although a substantial body of information is potentially available through the Community Facilities Administration which administers the public facility loan program. Your committee believes that it would be extremely helpful to local government if this expert assistance could be made readily available. Therefore, the committee bill would authorize the Housing and Home Finance Agency to establish technical advisory services to assist municipalities and other political subdivisions in the budgeting, financing, planning, and construction of community facilities.

DEFERMENT OF INTEREST PAYMENTS

Your committee recognizes that growing communities are faced with a special problem in the provision of public facilities. While it may be clearly apparent that there will be rapid population growth in the years just ahead, present tax resources and financial capacity make it difficult or impossible for them to provide now for the needs of the immediate future. For example, water and sewer systems adequate for today's population and supportable by today's fiscal portion may become inadequate because of population growth in a very short time. Then it becomes necessary to replace or supplement the present system at a substantially higher cost than would be entailed if their needs could be taken into account in present construction.

At present HHFA has authority to postpone repayment of principal. The committee bill would also give HHFA authority to postpone payment of interest or not more than 50 percent of the amount of the loan for a period up to 10 years. The postponed interest would be added to the amount of the Federal loan and repaid with interest over the balance of the term. This deferment of interest would be allowed only where the Federal loan does not exceed 50 percent of the development cost of the project involved (the remaining amount of development cost would be financed by private borrowings or other means).

ADVANCES FOR PUBLIC WORKS PLANNING

Section 702 of the Housing Act of 1954 provides for Federal advances to local public agencies for the planning of public works. These advances are repayable if and when construction is actually begun. Section 502 of the committee bill authorizes the appropriation of \$10 million to the present revolving fund for these planning advances. This section also makes eligible for public works planning advances for areawide projects, the construction of which may require a number of years and could not be construed as being within a reasonable period of time as required by present law. To reduce the possibility that Federal funds would be used to finance plans for which construction is unlikely to materialize HHFA would be required to determine that the project involved is planned to be constructed within or over a reasonable period of time considering the nature of the project. The section also increases the amount of advances that may be made

to public agencies in any one State from 10 to 12½ percent of the revolving fund.

TITLE VI—AMENDMENTS TO THE NATIONAL HOUSING ACT

This title provides the essential supplemental financing support through the Federal National Mortgage Association to give assurance that the new housing programs proposed in other parts of the bill will be successfully launched. The title also assures the continuity of the basic FHA programs and makes a number of important liberalizations in the FHA program to make housing more readily available to the American people on favorable financing terms and to enable the homebuilding industry to play its vital role in economic growth and expansion.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

Additional authorization

Section 601 makes a sizable increase in the resources available to the President through the special assistance program of the Federal National Mortgage Association. Your committee is convinced of the necessity of providing ample financial backstopping to make sure that the various new programs proposed in the bill can play effective roles. It is clear, for example, that the only way the new low-rent housing program for moderate income families under section 221(d)(3) can be financed is through the Federal National Mortgage Association. These loans will carry a submarket interest rate, and there will just be no private market for these loans whatever. Also, while private capital hopefully can be induced to make the new home improvement loans proposed in the bill, it is clear that this type of financing will need a substantial measure of Federal National Mortgage Association support. Similarly, the 40-year, no-downpayment loan will not find universal acceptance among mortgage lenders and this type of financing will also require a considerable amount of supplemental assistance through the Federal National Mortgage Association.

To meet these basic needs, section 601 will increase by \$750 million (from \$950 million to \$1.7 billion) the existing statutory maximum revolving fund of Federal National Mortgage Association's commitments and portfolio of special assistance mortgages. This maximum amount is subject to allocation by the President for special assistance to such housing loans and programs as the President designates.

Your committee is hopeful that this basic increase of \$750 million will do most of the financing job necessary to give supplemental financing assistance to the new programs established in the bill. But your committee is convinced that this sum, even taken in conjunction with the approximately \$165 million of Federal National Mortgage Association's special assistance funds still available, will not prove sufficient to render adequate support to other phases of the housing program. For example, it is apparently contemplated by the administration in the case of the 40-year, no-downpayment loan that FNMA special assistance would be given only to mortgages to finance housing for displaced families. The provision of financing on such liberal terms for other families would apparently depend entirely

upon the availability of financing in the private market. Your committee believes that additional FNMA funds should be made available to render at least moderate support to the 40-year, no-downpayment loan for moderate income families generally, particularly in those areas in the South and West which historically have suffered from a relative scarcity of mortgage financing on liberal terms.

To help meet the current needs of these areas and to stimulate further the construction of single-family sales housing, your committee has taken further steps in the bill to provide additional FNMA financing by transferring for use to the special assistance fund the unused authorization still remaining from the program 10 antirecession program contained in the Emergency Housing Act of 1958, and also by diverting a portion of the gross receipts of the management and liquidation fund to make an equal amount available for current FNMA special assistance operations.

Approximately \$200 million previously authorized for the program 10 antirecession program enacted in the Emergency Housing Act of 1958 remains unused and the bill would authorize the President to use this sum for any FNMA special assistance program.

In addition the bill would authorize the transfer, annually for 4 years, of the amount of the repayments under FNMA's management and liquidating portfolio to the special assistance fund. The Housing Act of 1954 took FNMA's existing portfolio and set it aside as a management and liquidating fund. At present the portfolio amounts to about \$1.6 billion. Income and principal repayments approximate \$200 million a year, and after subtracting the interest charge FNMA pays to the Treasury and other expenses of about \$50 million a year, the fund is expected to receive approximately \$150 million a year of net income and repayments. To the extent that sales are made out of this liquidating portfolio, the amount of the proceeds would also be available for special assistance purposes. Authority to transfer these management and liquidating fund repayment amounts would expire at the end of 4 years. Your committee understands that the amount involved for the first year (fiscal year ending June 30, 1961) is currently estimated to be about \$140 million, and that the average annual amount for the 4 years is not expected to exceed \$150 million.

In other words, in addition to the basic \$750 million increase, the bill would make available an additional \$200 million (approximately) outright from the unexpended old program 10 and would also provide approximately \$150 million additional for each of the next 4 years.

As discussed earlier in this section, because of the apparent necessity to channel virtually all of the \$750 million fund to support the low-rent rental housing program, the home improvement loan program, and mortgages for displaced families, it is your committee's intention that the Association should use the available program 10 funds and the diverted authority from the management and liquidating portfolio to support moderate cost sales housing in areas where FHA funds historically have not been readily available except at substantial discounts. These areas generally would be concentrated in the South and West.

Your committee wishes to emphasize in the strongest terms possible that the implementation of these two sources of FNMA special assistance funds—that is, the unused portion of the old program 10 funds and a portion of the receipts of the management and liquidating port-

folio—are in no sense new fund authorizations. They deal solely with authorizations previously made by the Congress and, in effect, represent entirely an internal financial “housekeeping” operation which will transfer already existing funds from one employment to another employment.

The Subcommittee on Housing considered a proposal to set up a special fund to support a new program for FHA insurance in older neighborhoods (a similar provision was contained in last year’s bill) but decided not to recommend it to the full committee in view of assurances from the agency that the expanded section 221 program could meet this need. Your committee hopes that this assurance proves well founded, but in the event that some financing support is necessary, the committee urges that the Administrator consider earmarking at least a modest fund from available FNMA resources to support FHA loans in older neighborhoods where lenders normally are hesitant to extend FHA financing.

FNMA lending authority

The bill authorizes an important new function which for the first time will permit FNMA to make loans on pledged mortgages.

Presently, FNMA’s authority is confined to the purchase of mortgages insured or guaranteed by the Federal Housing Administration and the Veterans’ Administration. Under the bill, FNMA would be authorized to make short-term loans on the security of pledged VA or FHA mortgages.

Your committee has heard considerable testimony from private industry organizations over the past several years urging that the scope of operations of FNMA be broadened so as to make it more of a “central mortgage discount bank,” by authorizing it to make short-term loans on the security of any FHA-insured or VA-guaranteed mortgage. Your committee believes that such a lending facility would aid materially in providing funds particularly during periods of tight money.

Under the new program the maximum loan maturity would be 12 months and the rate of interest would be consistent with the general loan policies of the Association’s Board of Directors. Any FHA-insured or VA-guaranteed mortgage not in default would be eligible as security for loans. Loans could not exceed 80 percent of the unpaid balance of the pledged mortgages. Borrowers would be required to subscribe to the common stock of FNMA in an amount not to exceed one-half of 1 percent of the amount borrowed.

The interest rates on such loans and the charges and fees required would be determined by FNMA from time to time with the objective of preventing excessive use of its facilities and making its secondary market operations self-supporting.

Removal of mortgage ceilings

Another section would exempt mortgages insured under sections 809 and 810 of the National Housing Act from the dollar ceiling on the amount of any mortgage which FNMA may purchase. This limitation should not apply, in the judgment of your committee, to these programs designed to provide housing for the scientific and technical personnel who staff the research centers and who would occupy the offbase defense housing provided by section 810. Also, to encourage the construction of cooperative housing in urban renewal areas,

section 213 mortgages in such areas would also be exempted from FNMA's mortgage ceiling.

FHA INSURANCE PROGRAMS

Extension of title I home repair and improvement program

The bill provides for a longer term extension of the basic FHA insurance programs.

The home repair and improvement loan program under title I of the National Housing Act, which otherwise would expire on next October 1, would be extended for 4 additional years.

Pursuant to this program, the FHA insures qualified lending institutions against loss within prescribed limits on loans made to finance alterations, repairs, and improvements in connection with existing structures and the building of new nonresidential structures. FHA's liability is limited to 10 percent of the total amount of all title I loans made by the particular insured lending institution. Also, under coinsurance provisions enacted in 1954, FHA's liability is limited to 90 percent of the loss on each individual loan.

Title I has now been in operation for some 26 years and during that time the program has demonstrated a basic soundness. Over 24 million loans aggregating some \$14 billion have been insured. About \$1.5 billion of these loans are now outstanding. Over 1 million loans were insured in 1960 in a total amount of about \$1 billion. Insurance losses during the life of the program have amounted to about 0.84 percent of the aggregate loan amounts, and premium income has been sufficient to cover both losses and FHA's operating expenses, and to provide adequate insurance reserves.

FHA general insurance authorization

The bill would remove the existing dollar ceiling on the aggregate amount of FHA insured mortgages which may be outstanding at any one time. However, after October 1, 1965, the limit on the aggregate amount of FHA's insured mortgages and loans will be equal to the principal of the mortgages, loans, and commitments outstanding on that date.

The previous dollar limitations on the general insurance authorization have proved to be inadequate from two standpoints. At certain times the volume of insurance written has increased over a short period to unprecedented and unanticipated amounts causing FHA either to exhaust its authorization or to ration commitments for insurance in order to stay within the dollar limits. At other times the dollar authorization has been more than adequate for a longer period of time than was anticipated. It has become extremely difficult to make even a rough approximation of the increased dollar authorization necessary to assure FHA operations over a fixed period. Because of the vast amount of outstanding FHA mortgage insurance, the "roll-over" resulting from mortgage payments covers a relatively large portion, and sometimes all, of new insurance written. A relatively modest change in "rollover" accompanied by a change in volume of new insurance may result in a significant change in net insurance utilization.

Since the Congress has always limited the availability of FHA authorization, the extension of the FHA authority to write new insur-

ance provided by the bill would be limited to 4 years. A time limit avoids the uncertainties inherent in a dollar limitation.

Your committee considered the proposal to completely terminate FHA's authority to issue new commitments at the end of the 4-year period, but decided against adopting such a precipitous program termination. Accordingly, we are recommending a compromise approach which would permit a review by the Congress of the FHA authorization at the end of 4 years, but which would not completely bring the program to an abrupt halt. Testimony from the homebuilding industry convinced the Subcommittee on Housing that if a complete cessation in the program faced the industry, it would result in undue uncertainty and confusion with a harmful effect upon the rate of home construction. Under the provision recommended by your committee, FHA's authorization would be frozen at the level existing on October 1, 1965, but some additional FHA commitment activity could proceed by the "rollover" of FHA's authorization under which FHA would recapture insurance authority through commitment cancellations, repayment of principal, and prepayment of outstanding insurance contracts. FHA's authority to insure mortgages under the military housing programs contained in title VIII of the act would be extended for 1 year (until October 1, 1962).

Liberalizations of the basic section 203 program

The bill provides for the liberalization of FHA's basic homeownership program under section 203, which is not only justified by past experience but is desirable in increasing effective demand in the housing market and enabling the homebuilding industry to play its part in a thriving and expanding economy. Downpayment requirements in the middle and upper middle price brackets would be reduced. Your committee believes that the liberalizations contained in the bill will permit a more realistic schedule of minimum required downpayments in the moderate to higher cost brackets. To achieve a somewhat less stringent upward curve of required downpayments the bill would require a 3 percent downpayment on the first \$15,000 of appraised value, 10 percent of the portion of the appraised value between \$15,000 and \$20,000, and 25 percent of the amount above \$20,000. Under existing law, a 3 percent downpayment is required on the first \$15,000 of value, 10 percent between \$13,500 and \$18,000, and 30 percent of the amount above \$18,000.

The bill would also extend the maximum maturity permitted for section 203 loans from 30 to 40 years.

Last year your committee recommended an extension to 35 years, and based on the hearings and studies of the Subcommittee on Housing we believe a 40-year maturity is fully justified under the section 203 program.

Your committee believes that a 40-year mortgage can play a useful role in permitting a wider spread of homeownership among American families. The advantages of a 40-year term were discussed previously in title I of this report.

Another change in the bill would increase the maximum permissible mortgage on a single-family home from \$22,500 to \$27,500. While your committee has always emphasized the desirability of producing more homes in the moderate and lower price brackets, we must recognize that cost levels have more than doubled since the original

ceiling of \$16,000 was set in 1934. The increase in the maximum permitted loan since then has failed to keep pace with these higher costs. The increase provided by the bill would bring the ceiling more in line with the original concept of FHA and enable the program to serve a larger proportion of market needs. In particular, this higher ceiling is needed for the increasing proportion of American families with three, four, and five children.

Authority to reduce the annual premium charge

The bill would give discretionary authority to the FHA Commissioner to reduce the annual premium charge for mortgage insurance under any of FHA's title II programs to as low as one-fourth of 1 percent, and to permit the Commissioner to make such a reduction under any of the title II programs (where the mortgagor and mortgagee consent) to future payments under insured mortgages which are outstanding on the effective date of a reduction.

Under existing law the Commissioner is permitted to establish a premium rate for the insurance of loans which shall be not more than 1 percent per annum and not less than one-half of 1 percent per annum. At the present time, the FHA premium rate is administratively established at one-half of 1 percent per annum. This rate is applied annually to the outstanding balance.

Premiums collected under the regular single-family sales program (sec. 203) are mutualized and, to the extent that premiums collected exceed expenses incurred and losses paid, participating dividends are returned to mortgagors. Premiums collected under all other sections of title II, however, are not mutualized and all receipts which exceed expenses incurred and losses paid are placed in reserves.

The insurance reserve funds for all FHA insurance programs have reached an accumulated total of nearly \$1 billion. The adequacy of these funds to cover future contingent losses is evaluated based on actuarial computations of potential future losses and expenses. This estimate, called the reserve requirement, takes into account not only ordinary losses, but some measure of the losses which would occur if an economic reversal of approximately depression magnitude were to develop. According to several intensive analyses of the reserve requirements as compared with accumulated insurance reserves, it is believed that FHA's financial position is sound and, with respect to individual insurance funds, FHA can be in the position where its accumulated reserves exceed reserve requirements. In such a case, the Commissioner should have the authority to reduce premium income rates for insurance programs assigned to individual insurance funds.

This section gives the Commissioner authority to reduce the insurance premium on a selective basis after a careful evaluation of requirements to meet contingencies applying to a particular program. In no event, however, should a reduction of premium be made for any particular program unless the Commissioner is satisfied that the results will not impair the financial soundness of the program.

Nursing home insurance

In the Housing Act of 1959 your committee included a provision establishing an entirely new program of FHA insurance to encourage the construction of nursing homes. The record was replete with testimony stressing the shortage of decent, safe, and sanitary nursing homes. It was clear that something had to be done to encourage the

construction of the additional nursing homes we need to take care of the great number of people, particularly those of more advanced years, who need nursing attention but do not require hospitalization.

Accordingly, we recommended, and it was adopted into law, a new program of FHA insurance which would permit a loan of up to 75 percent of FHA's value. Experience has now proved that this loan-to-value ratio, which is far more conservative than the other programs, is too restrictive and the bill proposes an increase in the maximum permissible mortgage from 75 to 90 percent of value. Your committee wishes to emphasize that this will still require a substantial equity investment on the part of the proprietary sponsors.

Your committee has one point it would like to stress to those engaged with the administration of this relatively new program. While all of us are in sympathy with the desired objectives of the program, we have heard some disturbing reports indicating the possibility that unscrupulous sponsors may be attempting to take advantage of the program. While we cannot pretend to probe into the details of what essentially must be an administrative responsibility, we strongly urge the Commissioner to review the present programs, procedures, and regulations governing the program to assure that the projects are properly designed with adequate safeguards against fire and other hazards, and also that only competent and reliable sponsors are authorized to participate in the program. In this connection, the Commissioner might well consider the desirability of a requirement that sponsors agree to permit occupancy of at least a modest number of available units by indigent patients. We recognize that the sponsors are proprietary organizations, quite understandably interested in a legitimate profit, but we think it may well be possible to obtain the agreement of conscientious sponsors to make at least some small contribution to the care of indigent patients requiring nursing attention.

Roofing standards under the FHA program

For several years testimony has been presented to the Subcommittee on Housing which points strongly to the desirability of some adjustment in FHA minimum property standards which would increase the durability and quality of asphalt roofing permitted under such standards. Your committee understands that under existing FHA minimum property requirements asphalt roofing with a guaranteed life of 10 years is permitted, a period much shorter, of course, than the maturity of the mortgage securing a typical single-family residence constructed under these standards. Testimony has been presented which indicates that use of better quality asphalt roofing guaranteed for a maximum of 20 years might well cost less than the cost of two 10-year roofs. In the report accompanying the housing bill last year, your committee urged the FHA to study this matter most carefully with the objective of raising roofing standards. We think this subject is even more timely in view of the emphasis being placed upon 40-year mortgages in the liberalizations of the section 221 program and, accordingly, we repeat with even stronger emphasis our belief that FHA should give the closest attention to this subject.

Rehabilitation of existing structures for the elderly

Your committee's attention has been called to a limitation on loans to rehabilitate or convert existing structures into housing for elderly persons. This limitation, imposed administratively by FHA, requires

that at least one-fifth of the loan be spent in rehabilitation. Existing properties which, with only slight remodeling, are ideal for older tenants, apparently cannot qualify for long-term low-interest loans under the housing for the elderly program, because of this administrative limitation.

The statutory language, and the legislative history of the housing for the elderly program, makes it clear that Congress sought to provide a rapid expansion in the number of housing units designed especially for older persons, and to give them occupancy preference.

Your committee feels that a rigid percentage requirement is unwarranted and that sponsors of this housing should not be expected to expend any more than is necessary to bring the housing up to the standards required for housing for the elderly.

The purpose of Congress in enacting the housing for the elderly program was not exclusively to emphasize the construction of new buildings, but to create a system of financing that would give older persons preference in securing housing especially suitable for them at moderate rates. Conversion of existing structures which require a minimum of rehabilitation can help to accomplish this purpose. FHA regulations should avoid discouraging such conversion.

Offbase defense housing

The Housing Act of 1959 authorized a new section 810 program to provide needed housing both for sale and rental for military personnel and essential civilian employees of the armed services. The program was authorized with liberal underwriting terms and program authorization was limited to 5,000 units. Your committee believed and still believes that the section 810 program is a useful supplement to the basic 803 military housing program and the section 809 program which provides needed housing at military or scientific research development centers.

Your committee is concerned over the fact that there has been no activity under this program. Apparently the two main stumbling blocks are the requirement that the Secretary of Defense guarantee the FHA against loss and the doubtful ability of sponsors to obtain financing in the private mortgage market. The committee bill would relieve these difficulties, first by establishing a special support fund of \$25 million under the FNMA special assistance program, and second by eliminating the requirement of guarantee by the Secretary of Defense. In view of the latter provision, the bill would also repeal a provision in existing law limiting the number of section 810 units which can be insured to the number specifically authorized by annual military construction authorization acts.

In connection with section 809 housing your committee has heard the complaint that because base commanders and other local officials have arbitrarily restricted the number of units to an unrealistically low volume, the builders are handicapped in attempting to provide low-cost housing through the economies of larger scale production. While your committee recognizes that mass volume operations under section 809 (and sec. 810 when activated), were not contemplated, nonetheless it urges the agencies concerned to recognize that the number of units in a project should be sufficient to enable the builder to achieve the economies of larger scale production.

Proposed FHA insurance of debentures

The Subcommittee on Housing heard testimony on a new proposal which would provide additional means of attracting funds from private pension funds into FHA financing through the sale, by nationally recognized securities, brokers, and dealers, of private corporate obligations directly insured by the FHA and collateralized by notes and mortgages insured by the FHA. Your committee shares the objective of the plan and was impressed by its ingenuity and the promise it offers to bring in new capital to the FHA program. Because the proposal is somewhat complex and technical, and because your committee did not have time to consider it in detail, we urge the FHA Commissioner to make a complete analysis of the proposal so that an appropriate report can be made to the committee in connection with future legislation.

TITLE VII—OPEN SPACE AND LAND DEVELOPMENT**PART 1—PERMANENT OPEN LAND**

This title would assist State and local governments in preserving open-space land in urban areas which, for economic, conservation, or recreational reasons, is essential to the proper long-range development and welfare of the Nation's urban areas including the suburban environs. Such areas contain the preponderant majority of the present and future population of this country.

In his message on housing the President said:

Land is the most precious resource of the metropolitan area. The present patterns of haphazard suburban development are contributing to a tragic waste in the use of a vital resource now being consumed at an alarming rate.

Open space must be reserved to provide parks and recreation, conserve water and other natural resources, prevent building in undesirable locations, prevent erosion and floods, and avoid the wasteful extension of public services.

The President said further that "this problem is so urgent that we must make a start now."

Open space reservation is essential for healthy urban growth. Its extent and location will profoundly affect the quality of the environment of most of our people and the shape and direction of urban development. These in turn are principal factors in determining the economic productivity of our urban areas and also the cost of essential community facilities and services.

The committee believes that localities and metropolitan areas must have a clear idea of how they want to develop if efforts to preserve and acquire open land are to result in maximum benefits, and adequate comprehensive area planning is therefore an essential feature of the proposed program.

Findings and purpose

Section 701 of the bill lists problems caused by the rapid and wasteful expansion of the Nation's urban areas and states the purpose of this title to be to attack such problems through a program to assist State and local public bodies, acting in accord with comprehensive area plans, to acquire land in urban areas for preservation as

open-space land. Such open-space land can help to shape urban development and thus provide a better living environment and increase the productive efficiency of the area.

Federal grants

The bill would authorize the Housing Administrator to contract to make grants to State and local public bodies to pay up to 20 percent of the cost of acquiring permanent open-space land. Grants up to 30 percent of acquisition cost would be authorized for local bodies (or combinations of such bodies) which exercise responsibilities for open-land preservation for an entire urban area or exercise or participate in the exercise of such responsibilities for all or a substantial portion of an urban area pursuant to an interstate or other inter-governmental compact or agreement. Such areawide authorities or combinations are better able to agree upon and to finance open land serving several different jurisdictions.

Appropriations totaling \$100 million would be authorized, none of which could be used for development costs or ordinary governmental expenses or to help a local agency acquire land located outside the urban area for which it exercises (or participates in the exercise of) responsibilities consistent with the purpose of the program. The funds could be used to assist in the acquisition not only of full title to land, but also of other permanent interests in land, such as development rights or other restrictive easements.

The Administrator would be required to consult with the Secretary of the Interior on the general policies to be followed in reviewing applications for grants and to provide him with current information on significant program developments. The Secretary would in turn be required to furnish appropriate information on the status of recreational planning for the areas to be served by the open-space land acquired.

Planning requirements

The bill would require that to qualify for Federal assistance the proposed acquisition of open-space land be important to the execution of an existing comprehensive plan applicable to the area. This plan would include provision for open space and otherwise meet criteria established by the Administrator as to detail and coverage. In addition, a program of comprehensive planning for the urban area would be required. Such a program would be concerned not just with the preparation of comprehensive plans for long-range development, but also with such matters as the scheduling of public facilities construction, the provision of appropriate land-use regulations, and the coordination of development activities proposed by different jurisdictions within the urban area.

The bill would require the Administrator to encourage local governing bodies to preserve the open land they already have and to make maximum use of other alternative methods of providing open space besides outright purchase. The reduced cost of some alternative methods, such as purchase and lease-back for limited private use, would still be eligible for Federal assistance. Other alternative methods, such as subdivision regulations requiring dedication of land for public purposes, would not result in any cost to the locality and therefore would involve no Federal assistance.

The bill would require the Administrator, in processing applications for assistance, to consider the extent to which the communities to be assisted are encouraging, through zoning or otherwise, orderly community development and renewal, including the availability of an adequate supply of decent housing at reasonable cost.

These provisions seek to assure that the Federal assistance to be provided under the program would result in the maximum of permanent benefit to localities, and also that it would be used to aid the planned development of localities rather than merely to inhibit development through public acquisition or other control of developable land. They would also authorize the Administrator to encourage, to the extent he deems feasible, additional local efforts toward open-space preservation. There are few, if any, localities which are already making adequate efforts toward this goal through such methods as zoning and subdivision regulations, tax deferral, the acquisition of development rights, and permanent reservation of suitable tax foreclosure and other publicly owned land. As participation in this program increases and the importance of comprehensive planning and the preservation of open space become increasingly recognized locally, the extent of local action required by the Administrator could also be increased. It would seem best, however, to provide administrative discretion as to the extent and timing of such requirements.

The pioneering nature of this proposed grant program is also reflected in the administrative discretion which has of necessity been provided in determining the criteria which must be met by the required comprehensive development plan. At the beginning of the program it is intended that such a plan be required only to apply to the jurisdiction of the applicant public body. For example, if a county comprising part of a metropolitan area has prepared and accepted a comprehensive plan, which includes an assessment of open space and other land use needs, and has proposed that a given area be preserved as open space, then the county would be eligible for grant assistance in purchasing that area. Again, however, the Administrator would have discretion at a later time to require that the comprehensive plan more effectively control the overall pattern of urban growth by applying to, and being accepted by, all or substantially all of the urban area.

Conversions to other uses

The bill would authorize open-space land for which a Federal grant has been made to be converted to other uses, but only with the approval of the Administrator. Changing patterns of development in urban areas may make it imperative that some open-space land be in whole or in part for other public uses—for example, for an arterial highway. Also, for the same reason, it may be in the public interest for some open-space land to be converted to private use—for example, a segment of land separated from a park by an arterial highway.

However, there is always a risk that localities faced with the considerable cost of acquiring private land for needed public facilities will convert public open-space land as a cheaper alternative. This section would, therefore, authorize the approval of the Administrator to be given only if the proposed conversion is in accord with the comprehensive plan applicable to the land, and only if the locality provides other open-space land, equally suitable to the overall needs of the area and of equal value, using funds derived from the sale of the land or other public funds.

Technical assistance, studies, and publication of information

The bill would specifically authorize the Housing Administrator to provide technical assistance to State and local public bodies in order to carry out the purposes of the program. Assistance would be provided in planning—as a part of comprehensive urban planning—and in carrying out all phases of an open-land program.

The Administrator would also specifically be authorized to undertake studies and publish information, either directly or by contract, which would be of assistance to such a program. This would in effect explicitly provide for these purposes the general authority for research and studies contained in section 602 of the Housing Act of 1956, and in other acts. The studies could cover a wide range of subjects, including the role of open land in urban development and renewal; the merits of alternative land-use patterns with respect to the quality of the living environment, the productivity of the urban economy, and the requirements for public and private expenditures; legal, administrative, and financial problems in preserving or making optimum use of open land; and ways in which such preservation or optimum use can be provided for by State and local government and private efforts.

Definitions

Section 706 would define “open-space land” as any undeveloped or predominantly undeveloped land, including agricultural land, in an “urban area” (as defined below), which has (1) economic and social value as a means of shaping the character, direction, and timing of community development; (2) recreational value; (3) conservation value in protecting natural resources; or (4) historic, scenic, scientific, or esthetic value.

Examples of open-space land having conservation value would be land needed for protecting water supplies; providing water-pollution or flood control; or preserving forest, wildlife, fishery, or other natural resources. The conservation value could also come through proper use of a resource where that can be done without “development” of the land. Thus an area of excellent farming soil, near a city which can adequately provide for necessary expansion elsewhere, could be established as an area reserved for farm use. In such cases, it would ordinarily be desirable to provide for limited private use of the land through purchase and lease-back or acquisition of development rights. Similar protection could be provided for a suitable heavily forested area.

Many areas could serve more than one open-space use. A stream area could provide conservation against erosion and water pollution and also help both to provide for recreation and give desirable form to community growth. Flood-plain areas and areas reserved near airports could prevent development of inappropriate areas and also be of value for recreation.

Within a city, obviously, the scope and functions of open-land acquisition would be more limited. Most such land would be in comparatively small tracts, for recreational purposes. However, such land could also serve to shape community development. This would be especially true in the case of cleared land or any other undeveloped or predominantly undeveloped land in urban renewal areas. Permanent open-space land usually could be provided in accord with planned

community needs more easily in such areas than in areas where recourse could be had only to scattered parcels of open land. The urban renewal land would be eligible for assistance under the program on the same terms as other urban land.

The term "urban area" would in turn be defined as any area which is urban in character, including those surrounding areas which, in the judgment of the Administrator, form an economic and socially related region, taking into consideration such factors as present and future population trends and patterns of urban growth, location of transportation facilities and systems, and distribution of industrial, commercial, residential, governmental, institutional, and other activities.

PART 2—FHA INSURANCE FOR SITE PREPARATION AND DEVELOPMENT

Section 710 would establish a new 2-year program of FHA insurance of loans to prepare and develop land for residential homesites. The bill adds a new title X, Land Development Insurance, to the National Housing Act.

Testimony heard by the Subcommittee on Housing has repeatedly brought out the fact that land and its development is the single ingredient contributing most greatly to the cost of a finished home. Aggravating this condition is the fact that the cost of developing land with necessary improvements for residential purposes has risen sharply in recent years.

The new program, your committee believes, would make it possible for smaller builders and developers to undertake land development activities on a more competitive basis with those larger developers who are now more readily able to do so. This increased competition should have a favorable effect on the production of homes on a more economical basis.

In establishing the new program your committee has been careful to include provisions to assure that the program will be carried out on a sound basis with adequate protection against speculative abuse. Insurable mortgages under the new program are limited to a principal obligation of not more than \$2.5 million and not to exceed 75 percent of the estimated value of the security for the loan, and in no event to exceed 75 percent of the sum of the value of the land plus the cost of development. The maximum loan maturity will be 5 years and the maximum interest rate 6 percent. A land development insurance fund, to be used as a revolving fund of \$10 million, is authorized to be established for carrying out the program.

Mortgages under this program will only be accepted by the FHA Commissioner if they will aid in the development of land owned by or to be acquired by the developer, the development is economically sound, and the assistance is needed to meet the housing needs of moderate income families. The bill requires the FHA Commissioner to enter into such agreements with the developer as may be necessary to assure the construction of sale or rental housing within a reasonable period after the land is developed.

By making major capital improvement items, such as pavement, water and sewer lines, and utility plants, eligible for FHA insurance along with the individual houses, your committee feels that much needed stimulus will be given to the development of communities on a

well-planned and sound basis. The soundness of financial investment in residential land development has been demonstrated by the authorization given to Federal savings and loan associations for this purpose in the Housing Act of 1959. This program of insurance for land development should assist these and other lenders to make credit available for this purpose.

Your committee believes that this program is an important addition to the forward-looking steps which have been enacted by the Congress to promote sound use of our land for healthy residential development. Since this program is set to expire in 1963, Congress will have full opportunity to assess its effectiveness, in determining whether it warrants extension at that time.

TITLE VIII—FARM HOUSING

Title VIII of the bill would amend title V of the Housing Act of 1949 to authorize a 4-year extension of the farm housing program, with additional loan funds; broaden the authority to include nonfarm rural landowners; modify loan security requirements; provide for a 4-year farm housing research program; and authorize insured loans for housing for domestic farm labor.

Title V was included in the Housing Act of 1949 as an integral part of a comprehensive attack on substandard housing in the Nation. Farm housing was made a separate program in recognition of the special problems involved in it that are not found in urban housing.

Under existing law, section 502 loans are made to farmowners to provide adequate housing for those who live and work on the farm and adequate service buildings for the farm operations. A section 503 loan may be made upon farms which need enlargement, development, or improvement to produce an adequate income. Portions of the annual installments in the first 5 years may be waived if the borrower is unable to pay. Under section 504 (a), loans and grants up to \$1,000, with a \$500 limit on a grant, may be made to an owner-occupant for minor repairs necessary for health and safety. Section 504(b) loans may be made for farm enlargement or development to raise farm income and to encourage family-size farms.

No farm housing loan may be made to any applicant able to obtain the necessary credit elsewhere upon terms reasonably within his capacity to meet.

Farm housing loans totaling \$300 million have been made to 44,000 families. To many it has meant a new home. To others it has meant enlarging their present home, modernizing the kitchen, adding a bath and sewage disposal system, or installing central heating. It has also helped farm families to meet the increasingly heavy demands of present-day farming for more modern and efficient farm service buildings. Some have constructed new buildings; while others have remodeled existing buildings to adapt them to new or larger enterprises. An example in some areas is the conversion of obsolete and inadequate dairy buildings, or the construction of new ones, to place the borrower's dairy operations on a sound basis.

During the first 10 years of the farm housing program more than 33,000 farm families used farm housing loans to build new homes or modernize their present homes. About 26,000 farm service buildings were built or repaired, and 12,500 water systems were installed or improved. The following table shows in greater detail the use of loan funds during this period:

U.S. DEPARTMENT OF AGRICULTURE, FARMERS HOME ADMINISTRATION

Farm housing: Use of loan funds and amount furnished by borrowers, cumulative from inception, July 15, 1949, through June 30, 1960

	Number or amount	Amount as percent of total
Number of loans:		
Initial.....	39,616	
Subsequent.....	2,115	
Total.....	41,731	
Funds available:		
Amount loaned.....	\$254,903,389	
Amount furnished by borrowers.....	\$11,454,968	
Total.....	266,358,357	100.0
Use of funds, dwellings:		
New:		
Number.....	(21,771)	
Amount.....	\$173,599,356	
Repair:		
Number.....	(11,783)	
Amount.....	\$33,076,197	
Total amount, dwellings.....	\$206,675,553	77.6
Other farm buildings:		
New:		
Number.....	(18,028)	
Amount.....	\$41,878,288	
Repair:		
Number.....	(7,902)	
Amount.....	\$8,200,102	
Total amount, other buildings.....	\$50,078,390	18.8
Water systems:		
Number.....	(12,537)	
Amount.....	\$6,897,465	2.6
Amount fees.....	\$1,115,203	.4
Amount land purchase and development.....	\$1,284,022	.5
Advances to borrowers and other obligations in connection with the protection of Government security.....	\$307,724	.1

NOTE.—Grants not included.

More than half of the loans made last year were primarily for the purpose of building new homes. They cost an average of \$9,800. About one-fourth of the loans made last year included funds for dwelling modernization and repair. An average of \$3,400 was spent for items such as adding rooms to meet the need of growing families, installing central heating, providing water under pressure, adding bathrooms, and modernizing kitchens.

The following table shows the total loans made under the farm housing program from its beginning through June 30, 1960:

U.S. DEPARTMENT OF AGRICULTURE, FARMERS HOME ADMINISTRATION

Number of farm housing loans made and amounts loaned, by fiscal year adjusted for cancellations from inception of program, July 15, 1949, through June 30, 1960

Fiscal year	Building loans					Land development or purchase		Total		Grand total, initial and subsequent	
	Sec. 502		Sec. 503		Sec. 504						
	Initial (1)	Subsequent (2)	Initial (3)	Subsequent (4)	(5)	Initial (6)	Subsequent (7)	Initial (8)	Subsequent (9)	Number (10)	Amount (11)
1950—Number—	3,509	0	217	0	65	(147)	0	3,791	0	3,791	
Amount—	\$16,161,811	0	\$833,401	0	\$46,480	\$187,782	(1)	\$17,229,474	0		\$17,229,474
1951—Number—	4,838	137	230	5	86	(193)	(1)	5,154	142	5,296	
Amount—	\$22,865,203	\$183,487	\$634,853	\$5,914	\$61,148	\$354,088	\$148	\$23,915,292	\$189,549		24,104,841
1952—Number—	3,784	201	188	3	79	(181)	0	4,051	204	4,255	
Amount—	\$19,469,209	\$316,795	\$505,529	\$2,420	\$60,285	\$422,616	0	\$20,457,639	\$319,215		20,776,854
1953—Number—	3,112	166	126	7	34	(123)	(1)	3,272	173	3,445	
Amount—	\$17,992,932	\$315,193	\$439,550	\$19,425	\$27,960	\$313,240	\$1,720	\$18,773,682	\$336,338		19,110,020
1954—Number—	2,676	126	0	4				2,676	130	2,806	
Amount—	\$15,720,218	\$325,636	0	\$8,205				\$15,720,218	\$333,841		16,054,059
1956—Number—	506	39						506	39	545	
Amount—	\$3,451,434	\$208,597						\$3,451,434	\$208,597		3,660,031
1957—Number—	3,105	196						3,105	196	3,301	
Amount—	\$20,178,702	\$703,061						\$20,178,702	\$703,061		20,881,763
1958—Number—	4,502	349						4,502	349	4,851	
Amount—	\$31,049,900	\$1,345,394						\$31,049,900	\$1,345,394		32,395,294
1959—Number—	7,597	496						7,597	496	8,093	
Amount—	\$58,075,474	\$1,879,584						\$58,075,474	\$1,879,584		59,955,058
1960—Number—	4,962	386						4,962	386	5,348	
Amount—	\$39,248,318	\$1,487,677						\$39,248,318	\$1,487,677		40,736,995
Total:	38,591	2,096	761	19	264	(644)	(2)	39,616	2,115	41,731	
Number—	\$244,213,201	\$6,765,424	\$2,413,333	\$35,964	\$195,873	\$1,277,726	\$1,868	\$248,100,133	\$6,803,256		254,903,389
Amount—											

NOTE.—The entire amount of loans in fiscal year 1960, 1959, 1958, and \$19,451,492 of the loans in fiscal year 1957 were made from the authorization of \$450,000,000 available from 1957-61. The balance of \$1,430,271 in 1957 was available from 1956 and prior year unobligated balances.

The unobligated balance of the \$450,000,000 loan authorization, 1957-61 as of June 30, 1960, was \$297,462,161.
1954 fiscal year includes obligations of \$39,266 for recoverable loan costs only actually incurred in fiscal year 1955. No loans were made during fiscal year 1955.

The need for farm housing credit continues and is rising. The number of applications for loans during the first 10 months of the current fiscal year was 51 percent higher than for the comparable period in fiscal 1960. Applications during March and April of this year were more than twice the number received in the same months last year.

The present law authorizes borrowing from the Treasury for farm housing building loan funds up to \$450 million during the 5 years ending June 30, 1961. Title VIII of the bill would authorize for the next 4 years \$200 million in addition to the unused balance that will remain of the \$450 million at the end of fiscal 1961, estimated at something over \$200 million. The current rate of obligation of farm housing building loans is now approximately \$2 million a week and in view of the increase in applications is expected to rise. It seems evident that any amount less than that authorized in the bill would fall short of the need.

Appropriation authority in sections 512 and 513 of the Housing Act of 1949 would be extended for 4 years from July 1, 1961, and broadened to include the research program.

The bill also would permit greater latitude in the type of security required. Under existing law every borrower is required to mortgage his entire farm. This requirement has slowed the processing of applications and resulted in disproportionately high costs in loan making and loan servicing. Many loans may be satisfactorily secured by a lien upon the structure or installation, and some may prudently be made upon a less formal basis. The broader latitude will be especially helpful in small loans for purposes such as adding a bathroom, installing modern heating, repairing farm service buildings, or installing dairy equipment. It will aid materially in enabling owners of existing homes needing repair or modernization to bring them up to acceptable standards.

Title VIII would also broaden the program to include loans to the owners of nonfarm land in rural areas to provide them for their own use with adequate dwellings and related facilities and, for those engaged in farming, adequate buildings for their farming operations. Many of these who are without adequate housing are unable to obtain housing credit from any source. They cannot meet the requirements for conventional credit; their land is not a farm under the present farm housing definition; and they are located too far from the denser urban areas to obtain credit insured under other Government programs. Your committee believes that continued failure to give these families access to credit to meet their urgent needs for adequate housing is not justified. The Department of Agriculture with offices functioning in virtually all rural counties and with experience in administering the farm housing program appears to be the best equipped agency for this task of closing the gap which now exists between housing credit for farmowners and for urban families.

Title VIII would provide for a 4-year research and study program of \$250,000 a year, through agencies selected by the Secretary of Agriculture. Research is a vitally important factor in the overall effort to achieve adequate, efficient, durable housing for farm and other rural families at prices they can afford. The widespread existence in rural areas of substandard housing combined with low incomes makes the need for research in the field of low cost rural

housing especially acute. As the agency administering the lending program the Department of Agriculture seems the logical choice for directing the research activities.

A new section 514 would be added to title V of Housing Act of 1949 to authorize the Secretary of Agriculture to insure loans by other lenders to farmowners, farmer associations, State and local government units, and nonprofit organizations to provide housing facilities for domestic farm labor. Loans would be limited to a maximum interest rate of 5 percent, to the amount of the farmowner's equity in his farm or the value of the structure and facilities in other cases, and to an aggregate total of \$25 million a year. The insurance fund and procedure used for Farmers Home Administration insured real estate loans would also be used for insuring farm housing loans.

TITLE IX—MISCELLANEOUS

Savings and loan amendments

This title contains a number of amendments designed to permit Federal savings and loan associations to make loans on liberal terms to finance housing for elderly citizens, to facilitate trade-in financing operations, and to enable associations to participate more fully in urban renewal and slum clearance programs.

One amendment would authorize savings and loan associations to invest up to 5 percent of their assets in loans for living accommodations for the elderly. The loans could be for a maximum of 30 years and up to 90 percent of value. The loan would have to be secured by a first lien, but would not be confined to single-family dwellings. The 50-mile radius and 5-percent limitation would afford ample protection to the institution and its savers.

Another amendment would relax existing restrictions on the lending authority of Federal savings and loan associations to the degree needed to permit them to participate in financing trade-ins by those owners who are upgrading their housing. The housing market today, particularly the market for new residential construction, is widely dependent upon the ability of homebuyers to "trade in" their equity in the lesser housing they now occupy as owners. Their ability to finance their purchase of better housing accommodations is often dependent upon their ability to dispose of the house they own and occupy to another homebuyer, and upon the availability of high-ratio financing to the purchaser. This bill would permit savings and loan associations to place interim financing on these traded-in homes at levels and on terms which will permit a changeover from one home to another, and expressly modifies present first lien requirements to facilitate these transactions by temporarily holding the title of these traded in homes in a trust arrangement to reduce the succession of costs and complications otherwise attendant upon the transfer of housing. Specifically, this section would permit financing of up to an 80-percent ratio of loan to value of security on a nonamortized basis for a period of up to 18 months.

A third important amendment would permit savings and loan associations to take part in financing urban renewal activities. The bill would authorize Federal savings and loan associations to invest in urban renewal investment trusts. Such investments would be limited

to a maximum of 5 percent of the assets of a savings and loan association, and the Federal Home Loan Bank Board would have to approve the trust agreement and would be given authority to issue rules and regulations covering this type of investment. The trust would issue certificates of beneficial interest equal to the amount invested by each individual participating savings and loan association. Such a device would enable insured financial institutions to pool their funds in the interest of urban renewal. No one institution would want to invest a high percentage of its assets in such a project, but collectively each could contribute to the financing of major urban renewal projects.

Voluntary home mortgage credit program

The bill would extend the voluntary home mortgage credit program for four additional years. Under present law the program would otherwise cease operations on October 1, 1961. This program has assisted home buyers in obtaining FHA and GI loans in small communities and rural areas where mortgage money is scarce.

APPENDIX

DOLLAR AMOUNTS CONTAINED IN THE BILL AS REPORTED BY THE COMMITTEE ON BANKING AND CURRENCY

The following table shows the total new dollar authorization provided in the bill as reported by your committee and in the comparable administration proposals and the estimated budget impact in fiscal year 1962:

*Authorizations under the committee bill and under administration proposals and
estimated budget impact in fiscal 1962 under committee bill*

[Millions of dollars]

Purpose	Committee bill		Total authorization in administration proposals
	Total authorization	Budget impact in fiscal 1962	
Total.....	\$4,931	\$328	\$4,990
Total loans.....	\$2,785	312	\$2,300
FNMA special assistance: ¹			
President's discretion.....	750	227	750
Defense housing (sec. 810).....	25	5	0
Housing for the elderly.....	100	20	50
Public facility loans.....	500	50	50
Planning advances (sec. 702).....	10	-----	0
Farm housing loans.....	200	-----	0
College housing.....	1,200	10	1,350
Open land for future development.....	0	-----	100
Total grants.....	2,146	16	\$2,690
Urban renewal.....	2,000	3	2,500
Urban planning.....	30	3	80
Open space grants.....	100	10	100
Farm housing research.....	1	-----	0
Defense hospitals.....	15	-----	0
Low-rent housing demonstration programs.....	0	-----	10

¹ The bill also allows FNMA to use approximately \$200 million of the "Program 10" special assistance fund previously authorized by the Emergency Housing Act of 1958. In addition, repayments on mortgages in the management and liquidation fund established in 1954, amounting to an estimated \$150,000,000 a year, could be used for the purchase of mortgages under the special assistance function.

NOTE.—The bill authorizes the construction of approximately 100,000 low-rent public housing units by restoring the full amount of annual contributions already authorized by the Housing Act of 1949.

MINORITY VIEWS

SOUND AND SOBERING ADVICE

On May 25, in his special message to the joint session of the Congress, the President stated:

Moreover, if the budget deficit now increased by the needs of our security is to be held within manageable proportions—if we are to preserve our fiscal integrity and world confidence in the dollar—it will be necessary to hold tightly to prudent fiscal standards; and I must request the cooperation of the Congress in this regard—to refrain from adding funds to programs, desirable as they may be, to the budget * * *.

That is sound and sobering advice. It is unfortunate such advice was not adhered to by those who drafted the administration's multi-billion dollar 1961 housing bill. And, in our opinion, the situation was not improved by the Banking and Currency Committee in reporting an amended bill. On the contrary, some 40-odd other proposals were added, one of which alone increased the budget expenditures authorized in the original bill by an indefinite amount which could range anywhere from \$800 million to as much potentially as \$1.8 billion of additional budget expenditures. That is hardly the way "to preserve our fiscal integrity and world confidence in the dollar." Like it or not, our domestic economic and social programs are subject to the discipline of our external payments situation. By actions, and not merely by words, this administration and this Congress must "hold tightly to prudent fiscal standards."

EXCESSIVE BUDGET EXPENDITURE AUTHORIZATIONS

In the light of past authorizations for these various programs, the present budget expenditure authorizations contained in this bill are excessive.

Urban renewal

Over the 12 years that the urban renewal program has been in existence, total grants of \$2 billion have been authorized and \$1.97 billion committed. This bill doubles that authorization and although it is stated that this represents a 4-year program, the fact is that the language of the bill itself contains no such limitation. The entire amount could be committed the day the bill is signed. (Note sec. 302 of the bill.)

FNMA

Over the 7 years that the Presidential FNMA special assistance mortgage purchase authority has been in existence, mortgage purchase authority of \$950 million has been authorized and \$192.6 million of this amount remained available for use as of March 23, 1961. This bill, by a specific dollar authorization (sec. 601(a)), increases that

authority to \$1.7 billion. But by amendment adopted by the committee, the \$750 million increase provided by section 601(a) is further expanded by a potential amount of \$1.8 billion without any numerical dollar authorization being stated.

The authorizing language contained in section 601(b) will become a definitive dollar amount on enactment of the bill. It will approximate \$200 million (\$201,405,000 as of April 30, 1961). But the authorizing language contained in section 601(c) is a gimmick type of authorization. The only definite dollar measurement of that authorization that can be made is that it will not exceed \$1.6 billion because that is the amount as of April 30, 1961, of the unpaid balances of the mortgages held in the management and liquidation portfolio of FNMA.

The committee explanation was that under this language, additional FNMA Presidential Special Assistance Authority would become available at a rate of about \$150 million a year for 4 years, or a total additional authorization of \$600 million. Now the facts of the matter are, no one can make any firm estimate as to the effect of this authorizing language over a period as long as 4 years. There are just too many unknown and unforeseeable variables. No one knows what the level of interest rates will be and that could have an important bearing on the disposition of mortgages. No one knows how much sales activity there might be of the properties securing these mortgages which could affect the amount of total refinancing of the properties that could be involved. No one knows if some new device will be applied to disposition of these mortgages. Only last year such a new device was applied—which no one had even contemplated 2 years before it happened—that resulted in the “sale” of \$311 million of these otherwise unmarketable mortgages at par. For fiscal 1960, mortgage loan repayments and sales under the management and liquidation function of FNMA were \$476.6 million. The budget estimate for fiscal 1961 is \$165 million and for fiscal 1962 the budget estimate is \$160 million. There is just no excuse for such indefinite authorizing language as that embodied in this section 601(c) provision. We repeat, the only definitive dollar authorization that can be made is that it will not exceed the \$1.6 billion which was the unpaid balance on the mortgages held as of April 30, 1961.

A soothing-sirup explanation was given the press of this gimmick authorization. With respect to the section 601(b) authority it was reported “the bill permits it (FNMA) to spend \$200 million on hand.” The fact is, FNMA does not have that \$200 million on hand at all. To use that authorization, FNMA must borrow the funds from the Treasury, at which time it becomes a budget expenditure and increases by that amount any existing budget deficit.

With respect to the section 601(c) authority, it was reported in the press that FNMA would be permitted to spend “an estimated \$600 million it will take in during the next 4 years.” In this connection, the fact is, FNMA by specific provision in existing law is directed to use such incoming funds, whatever the actual amount may be, only for the payment of necessary expenses, accumulating a reserve for losses, and paying the balance into the Treasury as a miscellaneous receipt. The sole purpose of the management and liquidation function of FNMA when it was set up in the law in 1954 was to provide for orderly liquidation of about \$3 billion of mortgages which FNMA under its past operations had acquired at prices above the then pre-

vailing market. This part of FNMA operations was deliberately designed to be terminated completely through orderly liquidation of the assets and payment of the net proceeds into the Treasury as miscellaneous receipts. It is to nullify the express provisions of the existing law that the new subsection, which would be added by section 601(c) of the bill, starts with the words, "Notwithstanding any of the provisions of this Act or of any other law, * * *". In terms the taxpayers can understand, what this provision does is increase any existing budget deficit by the amount the authority is used.

This indefinite gimmick-type of additional FNMA authorization was not requested by the administration. As a matter of fact, both the Housing Administrator and the President of FNMA testified against increasing the FNMA Presidential Special Assistance authorization beyond the specific \$750 million increased authorization provided for in the bill. Of this we are certain—this gimmick type of budget expenditure authorization does not "hold tightly to prudent fiscal standards".

Public housing

In recent years, the Congress has exercised control over the low-rent public housing program through limitations on the number of public housing units that could be placed under annual assistance contracts either within a stated period of time or after a stated date. The most recent authorization was that contained in the Housing Act of 1959 which authorized contract assistance for 37,000 additional units. As of February 28, 1961, according to testimony by the Housing Administrator, 15,998 units of that 1959 authorization had been placed under annual contribution contracts. One month later, as of March 31, 1961, an additional 1,105 units had been placed under contract, making a total of 17,103 units placed under contract of the 37,000-unit authorization. We are informed by the Administrator that the balance of that authorization, namely 19,897 units, is expected to be placed under contract by June 30, 1961. Frankly, some of us are skeptical about it. That would mean that in each of the last 3 months of this fiscal year, contracts would have to be executed at six times the rate they were in the month of March. We further note the March rate of activity represents about the monthly average of activity since the authorization became available in the 1959 act. We might add, the faith of some of us in public housing "demand" and "need" statistics was badly shattered a couple of years ago when outside spot audits of local public housing agencies in some of our major cities revealed they were sitting on un-utilized program unit reservations dating clear back to 1949.

The pipeline of public housing is badly congested by lack of performance. As of December 31, 1958, a total of 404,000 units under annual contribution contracts had been completed. Two years and three months later as of March 31, 1961, a total of 463,155 units under annual contribution contracts had been completed. The actual completion rate for this period was 26,285 units per year. As of March 31, 1961, as previously noted, 19,897 of the authorized units had not yet been placed under contract. As of that date an additional 76,328 were under annual contribution contracts but construction had not been started. As of that date a further 37,965 units under contract, were under construction but had not been completed. The pipeline

total therefore under the existing authorization is 134,190 units. At the actual rate of completions for the 2½-year period ending March 31, 1961, it would take more than 5 years to complete the presently authorized program without any new authorization.

The Housing Administrator presented a table giving statistics on the public housing program. This appears on page 119 of the hearings. The last line of this table gives the maximum Federal annual contributions commitment under the new public housing authorization contained in this bill. By fiscal 1968, it is noted that cost of the new program will be \$68 million per year. When this is multiplied by 40, the number of years for which the contract commitment runs, the total Federal commitment amounts to \$2.72 billion. To this must be added the additional costs of the program relating to increased room costs for the elderly as well as increased subsidy payments for the elderly, as explained by the Administrator in connection with the table presented on page 118. Subtracting the annual grant payments of \$68 million previously cited, from the \$78,664,702 which the table on page 118 shows as available, leaves \$10,664,702 of grant authority available to be used for the elderly program. That in turn, times 40, gives a total of \$425.6 million for the elderly public housing program. The two sums, \$2.72 billion for the new regular public housing program and the \$425.6 million for the new elderly public housing program, brings the total maximum contract cost of the new public housing program up to \$3.146 billion.¹

An aside to this projection of the Federal Government's maximum contract subsidy commitment for the new public housing program is the fact the wealthy bond buyers will get a huge new tax-free windfall. Using the figures of the Housing Administrator, it can be calculated the bond financing of these 100,000 additional public housing units will generate \$1.32 billion of interest payments exempt from Federal income tax but backed by the full faith and credit of the United States. If this administration really wants to close tax loopholes, here is one to which attention should be directed.

College housing

Over the 11 years of existence of the college housing loan program, \$1.675 billion of loan authorization has been granted with an estimated uncommitted balance of \$42 million remaining as of April 30, 1961. This bill increases the loan authority by \$1.2 billion to become available in increments of \$300 million each on July 1 in each of the years 1961 through 1964. The administration bill proposed an increase of \$1.35 billion through July 1, 1965. Over the same time period, however, namely July 1, 1964, the bill as amended by the committee increases the administration request by \$100 million.

Community facilities

Over the 7 years of existence of the community facilities loan program, authorizations totaling \$150 million have been granted. Through March 1961, a total of 368 applications in an amount of \$109 million had been approved. Mainly because private financing was obtained, 55 of these applications involving \$16 million of funds were withdrawn. That leaves net approvals of 313 loans in a total amount of \$93 million. The average size loan was about \$300,000.

¹ No allowance is made for reduction in this total on account of application of any excess operating receipts to reduction of the contract payments.

The administration bill requested an increase of \$50 million in this authorization. The committee boosted the increase tenfold to \$500 million to provide for the enlarged demands that would be made on the program because of changes proposed in the basic character of the program. These include (1) placing the program on a subsidized, sub-market interest rate basis, (2) introducing a new nonmarketable type of municipal security under which interest payments could be postponed for 10 years, (3) permitting a \$10 million loan limit per project, and (4) setting up a new business department to stimulate activity with the customers.

Now, if—and we want to strongly emphasize that word “if”—the changes altering the character of the program are approved, it is clear to us that despite the tenfold boost in authorization, nowhere near enough authority has been provided if the program is to be freely available to eligible communities (50,000 population or less, or 150,000 in depressed areas). These proposed changes would put the Federal Government in the big league bracket of municipal finance. Some \$7.1 billion of such issues were sold in the private market in 1960. Approximately 40 percent of that volume was sold at interest costs less than the rate under the committee proposal. Since most of those issues probably included the State and larger city issues, it is probable that the amount of municipal financing each year which would be eligible under the amendments would approach the 60 percent remainder. Somewhere between \$3 and \$4 billion a year would be a reasonable estimate of the dollar amount. The \$500 million increased authorization in the bill would last only about 2 months once communities became aware of the availability of Federal loans at rates under the going private market rates. These proposed changes would needlessly federalize municipal finance through the substitution of Federal funds for private funds in municipal financing. This proposed program would be a sure road to substantially larger budget deficits and completely unjustified increased burdens on the taxpayers.

Contrast the proposed loan limitation of \$10 million per project with the average size of loans actually placed in the private market. That \$7.1 billion of State and municipal financing placed in the private market in 1960 embraced 6,414 different issues, or an average of only \$1,100,000 per issue. The proposal that would allow the postponement of interest payments for a period of up to 10 years would make such municipal issues completely unsalable in the private market. Even the Federal Government itself could not sell its own bonds on such a basis. If the President's admonition “to hold tightly to prudent fiscal standards” has any meaning at all, this Congress ought to consider most carefully some of the committee amendments to this title of the bill.

Farm housing

Over the 11-year life of this program, \$254.9 million of loans have been made. There remains available for commitment until June 30, 1961, approximately \$207 million of previous authorizations. This bill would revive that \$207 million of expiring authorization and extend it to June 30, 1965. In addition, another \$200 million would be authorized to remain available also until June 30, 1965. The revived and increased authorizations, namely, a total of \$407 million, for use over a 4-year period, is approximately $1\frac{1}{2}$ times the amount that was

actually used in this program over the 11-year period of its existence. The administration bill only asked for a 5-year extension of the expiring authorization.

General comment

It is clearly evident from a historical review of activities under these major programs in the bill that the budget spending authorizations are excessive. It is equally true, as has been pointed out in the discussion of these authorizations, that some of the new proposals which would be added are not alone unsound but in some instances are most undesirable.

BACK-DOOR SPENDING

The back-door spending authorizations in this bill, that is, the authority to borrow directly from the Treasury without Appropriations Committee approval or the authority to enter into contracts in advance of appropriations therefore, come to a staggering amount. There is \$2 billion for urban renewal grants; \$3.146 billion for public housing grants; at least \$1.55 billion for FNMA special assistance mortgage purchases; \$1.2 billion for college housing loans; \$500 million for community facility loans; and \$407 million for farm housing loans. That is a total of \$8.8 billion.

The other program fund authorizations which are to be provided through the regular appropriations process amount to only \$248.5 million. These include \$100 million for elderly housing loans; \$10 million for planning advances for public works; \$100 million of grants for acquisition of open-space land; \$1 million for farm research grants; \$7.5 million for hospital grants; and \$30 million for urban planning grants. The total budget expenditures, including both back-door and regular appropriations process financing, come to \$9.05 billion, and of that huge total 97.2 percent is back-door financing.

An amendment to subject all of these new authorizations (and it was directed only to the new authorizations) to the regular appropriation process was offered in committee. Such an amendment will again be offered when the bill is brought to the floor of the House. The amendment will be in the form of the so-called Thomas amendment which was offered to the Housing bill a couple of years ago and which was adopted on the floor of the House on a rollcall vote of 222 to 201. Despite the favorable rollcall vote on that amendment, it was eliminated in the conference on the bill.

We think the question of back-door spending is important. We think that funds for Government spending programs should be provided through the appropriations process. We think it is imperative, particularly when we are in a period of deficit financing, that all budget spending requests funnel into one place, and the Appropriations Committee is the proper place, so that at least one committee in the Congress has an opportunity to look at the overall total and, if necessary, adjust requests in the light of the urgency of the overall demands. We are extremely disturbed that only 2.8 percent of the budget spending authorizations in this \$9 billion bill are subject to effective control under the regular appropriations process. The amendment offered will provide a clear-cut test on this very fundamental and most important question of sound fiscal procedure.

UNDERMINING THE BASIC SOUNDNESS OF THE FHA

At the outset we wish to make clear we are not making any charges that anyone deliberately is setting out to undermine the basic soundness of the FHA. But we do firmly believe that will be the result of many of the changes proposed in this bill. We think it would be most unfortunate if the Congress should allow that to occur.

The FHA is one of the outstanding examples of Government and private cooperation in the best tradition of the free enterprise system. It has assisted almost 6 million of our citizens in acquiring homeownership and participated in the provision of almost 900,000 units of rental accommodations. Not alone has it been conducted at no cost to our taxpayers, it has also accumulated reserves of approximately \$850 million to further protect taxpayers against future losses on the \$32.6 billion of mortgage insurance liability outstanding at the close of 1960. The FHA has a proud record of over a quarter of a century of sound and successful operations. We want to see the FHA maintain that fine record. We think our citizens have much to lose if we permit the basic soundness of that system to be undermined. This is serious business.

One of the basic reasons the FHA has worked so well is that borrowers and lenders have been required to have a measure of self-interest in the transaction. An equity requirement established a self-interest for the borrower. The mode of settlement (payment in debentures and certificate of claim instead of cash) and the requirement that the lender foreclose a defaulted loan established very definite self-interest on the part of the lender which discourages the making of unsound loans. That would be changed with respect to some FHA programs by proposals in this bill. In the name of new and experimental programs, a start would be made on undermining these basic features which contribute so much to the soundness of FHA.

A borrower could obtain a no-equity loan. Actually, in most cases, he could obtain a negative equity loan because the mortgage loan could also include closing costs in excess of the \$200 payment required. Furthermore, because of the long term of the loan that would be permitted (40 years) the negative-equity status of that loan would continue for the first 20 years of the life of that loan. In the absence of inflation, and we do not think the Congress should legislate on a basis that inflation will bail out mistakes made, the self-interest of the borrower simply is nonexistent for the critical first 20 years of the life of the loan. The entire risk is completely shifted to the FHA.

The lender accorded the privilege of a cash settlement on default, in place of settlement in debentures and a certificate of claim, would, of course, be given a bonanza. In effect, he would enjoy the mortgage rate of interest return with a 100-percent Government cash takeout the moment trouble occurred. For the long-term investor, that is simply buying Government credit with a bonus interest rate about $1\frac{1}{2}$ percent over the Government bond rate. With the further change that the lender does not have to foreclose a loan in default before turning it over to the FHA for settlement, the last vestige of lender self-interest in making a sound loan completely disappears from the picture. As a matter of fact not alone does his self-interest

in the transaction disappear, he also would be given positive incentives to engage in loose lending activities. Again the entire burden of risk is shifted to the FHA.

We are fully aware that these changes are put forward as experimental programs, with termination dates provided, and in terms of permissive authority on the part of the Administrator. But experience shows liberal provisions in new programs tend to become incorporated in existing programs as conforming changes, that termination dates don't terminate, and that permissive authority is used, particularly when it is necessary to use the permissive authority to make the experimental program work.

Under this new, negative-equity 40-year home mortgage program, the mortgage could vary in amount from \$11,000 to \$15,000 depending on cost factors in the area. There would be no limitations as to where it was available, how often it was available to an individual, nor upper limit on the income of an eligible applicant. It could cover not only a single family dwelling but also a 2-, 3- or 4-family structure. Since the average size of the home mortgage insured by FHA in 1960 under its existing programs was \$12,300 it is apparent this new program will be directly competitive with the bulk of the other home mortgage insurance activities of FHA. With more liberal terms to the borrower and no exposure to risk on the part of the lender, the new program will take over. A proven sound system of FHA mortgage insurance will be replaced by an unsound system.

The bill would establish a new moderate-income rental housing program which would be FHA in form but not in concept. The FHA insurance premium charge could be reduced or eliminated entirely at the direction of the Commissioner. Loans would carry a rate substantially below the FHA market rate and under the formula provided that rate could be as low as 3½ percent at the present time. FNMA would buy the loans at par under its special assistance function which is financed by back-door borrowing from the Treasury. We suspect that is the real reason for all this subterfuge. If the Congress wants such a program, why not take the direct approach. Let the Congress appropriate the money to the Housing Administrator to set up a subsidized, direct lending program for moderate-income rental housing. It would be a more honest approach and avoid the establishment of unsound precedents in both FHA and FNMA. It is for this new program, primarily, that the FNMA special assistance authorization would be increased by the specific amount of \$750 million and by the gimmick-type increase that could amount to an additional increase of from \$800 million to \$1.8 billion. And, of course, all of that would be back-door spending. Taken together, these two provisions make a powerful practical argument against back-door spending. Imagine the Appropriations Committee bringing a bill to the floor of the House containing a provision appropriating from \$1.55 billion to \$2.55 billion for a new program to subsidize moderate-income rental housing. What do you think the reaction of the Congress would be? That problem is before the Congress through the indirect approach in this bill.

A provision of the bill would establish a new FHA home improvement and rehabilitation program. The loans could cover the cost of improvements up to \$10,000 per family unit and have a term not exceeding 20 years. There would be no statutory requirement that

the loans be secured. We think it is unsound to expose FHA to the hazards of insuring \$10,000, unsecured, 20-year, 100 percent loans. We think adequate security should be required by statute in cases where the loan amount exceeds \$3,500 and the term exceeds 5 years.

Cash rather than debenture settlement of FHA insurance claims also would be permitted for the home improvement program. There are two additional programs under which cash settlement of claims would be permitted, namely, the new FHA experimental housing program and the existing section 220 urban renewal program with respect to projects insured after the date of enactment of the Housing Act of 1961. Accordingly, we would like to comment further on this policy of settlement of FHA insurance claims in debentures. The policy has been in the FHA law from its inception. The basic theory behind it is that it will enable FHA to weather a serious economic downturn and still remain a solvent operation. Settlement of claims in long-term debentures allows FHA to buy time to await general economic recovery so that acquired properties can then be liquidated in an orderly manner and on a rising market. That makes common-sense and it is a basic element in the strength of the FHA. It is not an untested principle. It is the same principle which was used by the old HOLC (Home Owners Loan Corporation) in the severe depression of the 1930's. HOLC brought order out of the defaulted-mortgage chaos of that period by exchanging bonds for defaulted mortgages. The bonds bought time for HOLC to hold acquired properties off a demoralized market and await recovery for orderly liquidation of the properties. The HOLC eventually liquidated without loss to the Government. Fortunately, the FHA has never had to undergo such a test. But as long as the debenture system is retained, we can be confident, on the basis of the HOLC experience, that the FHA has a system that will work when the going is roughest. Why depart from the proven, sound debenture settlement system? It isn't necessary to do so. With sound lending operations, it is a settlement system highly acceptable to private lenders. The volume of FHA mortgage insurance attests to that fact as over \$54 billion of mortgage loans have been insured by the FHA.

OPEN SPACE AND LAND DEVELOPMENT

This title of the bill (title VII) consists of two parts which are mutually contradictory. The first part relates to permanent open land; the second, to FHA land development insurance. The first part contains findings (in sec. 701) that urban sprawl has become critical in terms of costs of governmental services and loss of open-space land in and around urban areas and that Federal assistance to State and local governments is warranted so that they can act to preserve open-space land to curb urban sprawl and prevent urban blight on a long-range basis. The second part (essentially sec. 710) contains no findings but launches a new Federal insurance program for converting raw land in an urban or suburban community into building sites with FHA insurance of up to \$2,500,000 per site, and with no ceiling on the program. This contradictory approach in two parts of the same title of the bill to what began as an administration attack upon "urban sprawl" is reminiscent in broader outline of the

problem raised by a Member during parliamentary debate in 1955 of the Town and Country Act, 1954, in Great Britain:

Only a short while ago a relative of mine wanted to buy a small house in an urban area. The house was right, the price was right, and she was just going to buy it when I said, "I think you ought to see the real estate agent." The estate agent said that the house and the price were right but that a lawyer had better look into the matter. A lawyer did so, and found that the unfortunate person who wanted to sell the house did not know that the house was part of a road-widening scheme, and had my relative bought that house she would have lost the front garden.

Nor is the contradiction only between two parts of the title. It exists also within part 1. Thus in the declaration of purpose in section 701(b) the Federal assistance is to assist the local government in—

taking prompt action to preserve open-space land which is essential to the proper *long-range development* and welfare of the Nation's urban areas, in accordance with plans for the allocation of such land *for open-space purposes*. [Emphasis supplied.]

No detail is supplied as to how land is developed for open space. The contradiction is further pointed up by later provisions of part 1, such as section 703(a) which provides that in making the Federal grants (\$100 million are provided) the Administrator must find the use is to be for "Permanent open space."

Apart from contradiction of approach, part 1 presents a basic question. Is the Federal Government, based only on the meager evidence in the record of these hearings, justified in encouraging the States and local governments, through the bait of substantial Federal grants, to subject themselves to the determinations of the Housing and Home Finance Administrator as to how they shall exercise their local police power. The issue is definite under the wording of the administration bill. Section 703(a) provides the Administrator shall make grants only if he finds the acquisition of land for permanent open space is important to an urban plan "meeting criteria he has established for such plans." To cite another example: Section 704 in part provides—

No open-space land for which a grant has been made under this part shall, *without the approval of the Administrator*, be converted to uses other than those originally approved by him.

This broad delegation of legislative discretion, reaching into the heart of local affairs and of private ownership of land, is especially dangerous because it is not an instrument for the protection of Federal funds and to assure that they are being used for a clearly expressed Federal purpose, but rather as an instrument for impressing a Federal policy of land use upon the States and communities. And what that policy shall be is left very largely to the discretion of a Federal administrator.

Because part 1 of title VII would place an unusual degree of personal discretion in the Administrator, as well as for other reasons which will be briefly referred to, the minority proposed that there be substituted for part 1 a section which would authorize funds for a study of the problem of "urban sprawl" and what the Federal responsibility should be with respect to the problem. This proposal was rejected by the majority, which contends that part 1 relates only to the provision for public parks. We shall show that this is not the case.

The Federal grants under part 1, of \$100 million, can equal 20 percent, and in certain instances, 30 percent of the cost to the local public body of acquiring "title to or other permanent interests in land to be used as permanent open-space land (as defined in sec. 706(1))." (There is no definition of "local public body," and presumably the identity of the local acquiring agency would be left to local law.) Because of its importance as a definition of what the grants are to be used for, section 706(1) is quoted in full:

The term "open-space land" means any undeveloped or predominantly undeveloped land, including agricultural land, in or adjoining an urban area, which has (A) *economic and social value as a means of shaping the character, direction, and timing of community development*; (B) recreational value; (C) conservation value in protecting natural resources; or (D) historic, scenic, scientific, or esthetic value. [Emphasis supplied.]

That this definition goes far beyond the use of land as public parks is self-evident.

It has been previously noticed that the proposed use of the land for permanent open space must be found by the Administrator to be important to the execution of a comprehensive plan for the urban area, meeting criteria he has established for such plans. Thus, if the Administrator decided that "urban sprawl" could best be prevented by creating encircling green-belt areas around cities, through public acquisition of open and predominantly open land for this purpose, he could condition the Federal grants in this manner by establishing this decision as one of his "criteria." He could decree that land near cities, having agricultural adaptability, be reserved for farm use; that other land be acquired for esthetic reasons; that future development rights in property be acquired immediately (note the words of the definition: "Timing of community development") so that increases in land value would inure to the public rather than to the property owner. The president of the National Housing Conference, supporting these provisions, conceded that one purpose for public purchase now would be to obtain the land at a cheaper price. Thus the land value increase would accrue in public ownership rather than in individual ownership. In another connection, the Administrator testified:

The bill would permit permanent control of land at lower cost than outright purchase through such means as acquisition of development rights and purchase and leaseback arrangements.

In response to the question whether condemnation procedures were contemplated, the Administrator advised "I think this would depend on whatever authority the city had."

When Mayor Wagner, of New York City, during the hearing, was asked whether his city had the power to acquire open land adjacent to New York City without specifically saying what the land is to be used for he responded:

I believe there is a provision in the constitution. I would have to doublecheck on that. But there has been no move or any discussion about the acquisition of any further property outside the present city lines.

The legislative representative of the American Municipal Association said that the open space provisions were for the benefit of the outlying suburbs in the counties rather than for the cities.

Sufficient has been said to indicate the problems involved in embarking upon open space grants for indefinite uses. Obviously \$100 million in grants, and the testimony so indicates, toward acquisition of lands in and around urban areas of this country would only be a beginning. Further study and inquiry into the problem and its solutions are necessary before the Congress establishes a policy encouraging States and local agencies through the Federal purse to deprive persons of their property for such vague—if even public—purposes as "shaping the character, direction, and timing of community development."

Members of the minority suggested frequently during the course of these hearings that by annexation laws and modernization of planning and land subdivision laws the States could make an effective approach to the problem of "urban sprawl." So far as we are aware no State expressly authorizes condemnation of land for indefinite uses of the kind described. On the other hand, a number of States have recently enacted legislation placing strong restrictions around new incorporation of cities close to larger established municipalities; and the Supreme Court of Iowa has referred to such a law in its State as designed to prevent the strangulation of cities. Very probably there would be immediate effects upon the local tax base as the shift to public ownership normally would remove the property involved from the tax rolls. And small farmers on the periphery of the urban center could find their land taken in eminent domain proceedings with the consolation that they could perhaps become tenants on the same land under leaseback.

The minority considers that such drastic departures in legislative, and very possibly constitutional policy, should be considered most carefully before they are set in motion through the encouragement of Federal grants; and recommends that there be substituted for part 1 of title VII a provision for a study of and research into the entire problem to be undertaken by the Housing and Home Finance Administrator.

CONCLUSION

The overriding issue in this housing bill, in our opinion, is the issue of fiscal responsibility. The bill contains excessive budget spending authorizations. The bill contains unsound and unnecessary provisions. It does not "hold tightly to prudent fiscal standards." It will not "preserve our fiscal integrity and world confidence in the dollar." The Congress cannot expect to pass huge budget spending measures of this type without inviting a resumption of the outflow of gold from our country.

CLARENCE E. KILBURN.
GORDON L. McDONOUGH.
WILLIAM B. WIDNALL.
EUGENE SILER.
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EDWARD J. DERWINSKI.
JAMES HARVEY.
TOM V. MOOREHEAD.
JOHN H. ROUSSELOT.
WILLIAM W. SCRANTON.

SECTION-BY-SECTION SUMMARY OF THE BILL AS REPORTED

Short title

The first section provides that the act may be cited as the "Housing Act of 1961."

TITLE I—NEW HOUSING PROGRAMS

Section 101. Housing for moderate income families

This section makes extensive changes in the FHA section 221 mortgage insurance program, which presently provides insurance of mortgages covering sales and rental housing for families displaced from urban renewal areas or by other governmental action.

Subsection (a) amends section 221 of the National Housing Act to broaden the present program under that section so that it can serve to assist in the housing of moderate income families generally as well as in the housing of displacees. Provisions would be included to assure that section 221 units will be available to displaced families, but the maximum number of such units in any given community would no longer be predetermined by FHA and it would no longer be necessary that a community formally request that the program be made available. The extension of the program to moderate income families generally would terminate July 1, 1963, after which it would be available only for displacees. Other changes designed to make the program more effective (discussed more fully below) are the elimination of the "workable program" requirement in certain cases, the provision for payment of insurance in cash, and a new low-interest rate.

Subsection (a) also makes other changes in the section 221 program:

Sales housing.—The maximum amounts of the 40-year, no-down-payment one- to four-family mortgages insurable under section 221 (d)(2) are generally increased (for specific amounts see table above), and the amounts of such mortgages when given for repair and rehabilitation would be based on the cost of such repair and rehabilitation plus the value of the property before improvement.

Rental housing by nonprofit mortgagors.—The class of mortgagors which may participate in this program (sec. 221(d)(3), presently limited to private nonprofit organizations) is expanded to include cooperatives, limited dividend corporations, and public bodies (other than public housing agencies). The maximum mortgage amount (which is presently based on a per family unit limit in all cases) would be changed to a per room limit (\$2,250, or \$2,750 for elevator-type structures) where the number of rooms per unit is four or more; and in cases of repair and rehabilitation the mortgage amount would be based on the cost of the repair and rehabilitation plus the value of the property before improvement instead of on the value of the property after improvement as in existing law. The minimum number of family units in a project under this program would be reduced from

10 to 5. Finally, a new low-interest rate (below the market rate, but not below the average market yield on all outstanding marketable obligations of the United States) would be permitted for mortgagors under this program without differentiation between types of mortgagors, and the FHA Commissioner would be authorized to waive or reduce the insurance premiums either as to amount or period payable; but where the low-interest rate applies or the premium is waived or reduced the initial occupancy of the project must be limited to persons whose incomes make it impossible for them to obtain decent, safe, and sanitary housing in the private market.

Rental housing for profit.—The same changes would be made for projects sponsored by profit-making mortgagors under this program (sec. 221(d)(4)) in per-room limits, in determining maximum mortgage amounts in cases of repair and rehabilitation, and in minimum number of family units as would be made for nonprofit mortgagors under 221(d)(3).

Payment of insurance in cash.—For all types of mortgages insured under section 221 after enactment of the bill, the FHA Commissioner would be authorized on default to pay the insurance either in cash or in debentures (as provided in the insurance contract), or to acquire the defaulted loan and its security without regard to the type of housing involved upon payment to the mortgagee either in cash or debentures (as provided in the contract) of the unpaid balance of the loan plus accrued interest and approved advances previously made.

Subsection (b) amends section 101(c) of the Housing Act of 1949 to eliminate the existing requirement that a community have a "workable program" for the prevention and elimination of slums and blight before mortgage insurance can be granted in that community for sales housing under section 221(d)(2) or rental housing for profit under section 221(d)(4); such requirement would, however, continue to be applicable with respect to nonprofit rental housing insured under section 221(d)(3).

Subsection (c) amends section 305 of the National Housing Act to authorize FNMA in the exercise of its special assistance functions to purchase nonprofit rental housing mortgages insured under section 221(d)(3) of that act even where the mortgagors are public bodies.

Subsection (d) amends section 223 of the National Housing Act to authorize the FHA Commissioner to insure under section 221(d)(3) mortgages given to refinance any mortgages (including conventional mortgages) covering multifamily housing in an urban renewal area, where such mortgages are executed by nonprofit mortgagors of the character described in section 221(d)(3) and insurance under that section will assist low-income, moderate-income, or displaced families.

Section 102. Home improvement and rehabilitation loans

Subsection (a) amends section 220 of the National Housing Act to establish under the section 220 urban renewal housing program a new program of FHA-insured loans to assist in the improvement and rehabilitation of homes and multifamily structures in urban renewal areas. These loans could be separate from and in addition to existing mortgages on the properties involved, and would be secured in such manner as the FHA Commissioner may require. The maximum amount of such a loan would be \$10,000 per family unit or the cost of improvement, whichever is less, and would be further limited to an

amount which when added to any outstanding indebtedness would keep the total indebtedness against the property within the limits applicable to a mortgage covering rehabilitation of the property which could be insured under section 220(d)(3). The maximum maturity would be 20 years, and the interest rate could not exceed 6 percent. Insurance premiums would be fixed by the Commissioner within the range of one-half of 1 percent per annum to 1 percent per annum; insurance would be paid on defaulted loans either in cash or debentures (from a newly created sec. 220 home improvement account within the sec. 220 housing insurance fund) upon acquisition by the Commissioner of the loan and its security. Loans made for the improvement of multifamily housing would be subject to cost certification.

Subsection (a) also amends the existing section 220 program of insurance of first mortgages on urban renewal housing to provide that maximum mortgage amounts in cases of repair and rehabilitation shall be based upon the cost of repair and rehabilitation plus the value of the property before improvement, instead of upon the value of the property after improvement as in existing law.

Subsection (b) amends section 203 of the National Housing Act by adding a new subsection (k), establishing a new program of home improvement loans for houses which are not located in urban renewal areas. These loans would be insured by FHA in accordance with the provisions of the new section 220 home improvement loan insurance program for housing in urban renewal areas (discussed above); except that insurance claims would be paid only in debentures (from a separate sec. 203 home improvement account within the mutual mortgage insurance fund), and these loans would not be eligible for the FNMA special assistance authorized in the case of section 220 home improvement loans under subsection (c) (discussed below).

Subsection (c) amends section 305 of the National Housing Act to authorize FNMA in the exercise of its special assistance functions to purchase home improvement loans insured under the new section 220 program.

Section 103. Experimental housing mortgage insurance

This section amends title II of the National Housing Act by adding a new section 233, under which FHA would be authorized to insure mortgages on residential or rental housing incorporating new and untried materials, design, and construction methods or involving experimental property standards for neighborhood design. Mortgages could be insured under the new section 233 if they meet the requirements of the regular mortgage insurance programs (secs. 203 and 207). except that the property would need only be an acceptable risk giving consideration to the need for testing advanced housing technology instead of meeting the "economically sound" requirements, and the cost of replacing the property with housing of comparable conventional construction would be used in lieu of value in determining maximum mortgage amount. The Commissioner would be authorized to correct defects and failures in housing covered by these mortgages when he finds they are caused by or related to the advanced technology utilized. The Commissioner would be authorized to pay insurance claims either in cash or in debentures from a newly created experimental housing insurance fund (as provided in the mortgage insurance contract).

Section 104. Individually owned units in multifamily structures

This section amends title II of the National Housing Act by adding a new section 234, authorizing the FHA Commissioner to insure a mortgage covering a family unit in a multifamily structure and an undivided interest in the common areas and facilities which serve the structure, where such structure is covered by one of the FHA insurance programs (other than the section 213 cooperative housing program). The amount of such a mortgage could not exceed the per room and per family unit limits specified in FHA's section 207 rental housing program, and could not exceed the loan-to-value ratios specified in FHA's section 203 home mortgage program as in effect prior to the enactment of the bill or have a maturity in excess of 30 years. A newly created apartment unit insurance fund would be used by the Commissioner in carrying out the new program.

TITLE II—HOUSING FOR ELDERLY PERSONS AND LOW-INCOME FAMILIES**HOUSING FOR THE ELDERLY***Section 201. Direct loans*

Subsection (a) amends section 202 of the Housing Act of 1959 (the HHFA program of direct loans for housing for the elderly) to make consumer cooperatives eligible for loans to construct cooperative housing for elderly families; under present law the program is limited to the construction of rental housing by private nonprofit corporations.

Subsection (b) amends section 202(a)(3) of such Act to authorize direct loans for elderly family housing to be made for the full amount of the development cost of a project, eliminating the 2-percent equity requirement in existing law.

Subsection (c) amends section 202(a)(4) of such Act to increase the total amount authorized to be appropriated for elderly family housing loans by \$100 million (to a total of \$150 million), and to eliminate the specific dollar limitation on the portion of such amount which can be used for "related facilities."

Subsection (d) amends section 202(d)(4) of such Act to reduce from 62 to 60 the minimum age at which families or individuals constitute "elderly families or persons" for purposes of determining eligibility for occupancy of projects assisted with loans under the program.

Subsection (e) further amends section 202 of such Act to make it clear that a nonprofit corporation or cooperative otherwise eligible may obtain a direct loan for elderly family housing even though it has already received a commitment under the FHA insurance program for elderly family housing (sec. 231 of the National Housing Act), if the commitment was obtained before enactment of the bill and the direct loan is necessary to avoid hardship for the prospective tenants.

LOW-RENT PUBLIC HOUSING*Section 202. Eligibility requirement for disabled persons*

This section (in order to conform with recent changes in the Social Security Act) amends section 2 of the U.S. Housing Act of 1937 to eliminate the requirement that a permanently and totally disabled

person must have attained age 50 in order to qualify as an "elderly person" under the low-rent public housing program.

Section 203. Additional subsidy for elderly tenants

This section amends section 10(a) of the U.S. Housing Act of 1937 to authorize the payment to local housing authorities of an additional \$120 per year for each dwelling unit in a low-rent housing project occupied by an elderly family. This additional payment, which is of course subject to the dollar ceiling on PHA's authority to contract for annual contributions, would be made where necessary to enable the local authority to provide accommodations for elderly families (whose income is often lower than other public housing families) at rentals they can afford while maintaining project solvency.

Section 204. Dwelling unit authorization

This section amends sections 10(e) and 10(i) of the U.S. Housing Act of 1937 to authorize PHA to contract for the approximately 100,000 additional dwelling units of low-rent housing which can be financed with what remains of the annual contributions authorization of \$336 million per annum provided under that act as amended in 1949. No time limit is provided, thus permitting maximum flexibility in planning. The percentage of annual contributions which can be made available in any one State pursuant to contracts hereafter entered into would be set at 15 percent of the amount of the authorization remaining available after enactment of the bill (existing law simply limits annual contributions in any one State to 15 percent of the total authorization). The statutory language is condensed and simplified, but the existing requirements and limitations with respect to a "workable program" and preliminary loans are retained.

Section 205. Extension of waiver in case of veterans and servicemen

This section amends section 15(8)(b) of the U.S. Housing Act of 1937 to extend by 4 years (to October 1, 1965) the exemption accorded veterans and servicemen and their families from the requirement that a family to be admitted to a low-rent housing project must have come from substandard housing or have been displaced by governmental action.

Section 206. Miscellaneous public housing amendments

This section amends section 15 (and sec. 10(h)) of the U.S. Housing Act of 1937—

(1) to permit donations and other non-Federal aid to be given to a project without being charged against the room cost limitation, and to exclude that portion of the project which is attributable to such outside assistance from the requirement that the project be tax exempt (since such outside assistance is excluded from the base on which annual contributions are computed);

(2) to increase the normal room cost limitation for low-rent housing for the elderly, and for low-rent housing in Alaska, from \$2,500 to \$3,000; and

(3) to eliminate altogether the requirement that there be a gap between project rentals and prevailing private rentals in the case of families displaced by urban renewal or other governmental action, and in the case of elderly families; the required gap is presently 5 percent for displacees and 20 percent for all others.

This section also repeals section 10(j) of the U.S. Housing Act of 1937, which requires a local public housing agency, after payment in full of all its obligations in connection with a project, to pay its net receipts each year (up to the total amount of PHA's annual contributions paid in connection with the project) to PHA and to the local public bodies which have contributed to the project in the form of tax exemption or otherwise, in proportion to their respective contributions to the project.

TITLE III—URBAN RENEWAL AND PLANNING

Section 301. Increased Federal aid for small communities; pooling grants-in-aid between projects

This section amends title I of the Housing Act of 1949 to permit a locality having a population of 50,000 or less (150,000 or less in the case of a community located in a depressed area) to obtain a three-fourths Federal grant under the urban renewal program on exactly the same basis as the regular two-thirds grant; i.e., without having to assume the cost of planning, legal services, and administrative overhead as is required under existing law if a locality desires a three-fourths grant.

This section also permits the pooling of the local noncash grant-in-aid credits earned in projects assisted under both the two-thirds and three-fourths formulas for Federal grants, and permits pooling of such credits earned by two or more local public agencies in projects within the same municipality. Existing law permits a local public agency to receive credits for contributions that are in excess of the required local share for one project and apply them against the local contributions required for another project, but only for projects that are executed on the same Federal loan-sharing formula and only for projects of the same agency.

Section 302. Capital grant authorization

This section amends section 103(b) of the Housing Act of 1949 to increase the aggregate amount of obligational authority for urban renewal grants available to HHFA by \$2 billion (to a total of \$4 billion), in order to cover anticipated needs over the next 4 years.

Section 303. Relocation payments

This section amends section 106(f)(2) of the Housing Act of 1949 to provide that relocation payments to displaced business concerns may equal their total certified actual moving expenses even though those expenses are in excess of the present limit of \$3,000. These payments under the bill as under existing law, would be borne by the Federal Government. This section also contains a technical amendment making it clear that the fixed-amount payments to individuals and families provided for by section 106(f)(2) are to cover losses of property as well as moving expenses.

Section 304. Financial assistance for displaced business concerns

This section amends section 7(b) of the Small Business Act to provide that SBA disaster loans (3 percent, 20-year maximum maturity) may be made to small-business concerns which have suffered substantial economic injury as a result of displacement from an urban renewal area.

Section 305. Resale of property in urban renewal areas for housing for moderate income families

This section amends section 107 of the Housing Act of 1949 to permit property held as part of an urban renewal project to be made available to a limited-dividend corporation, nonprofit corporation or association, cooperative, or public body or agency (i.e., a mortgagor eligible under FHA's section 221(d)(3) program of nonprofit rental housing), or to a mortgagor under FHA's section 221(d)(4) program of rental housing for profit, for purchase at fair value for use in the provision of new or rehabilitated rental or cooperative housing for families of moderate income. This is designed to permit land or improved property to be sold to the designated purchasers at realistic prices consistent with their operations in the provision of rental or cooperative housing for moderate income families.

This section also makes a clarifying amendment to section 107 to make it clear that land can be made available to a public housing agency and used for low-rent public housing in the manner provided by that section even though it was acquired prior to the passage of the Housing Act of 1959 (which enacted sec. 107).

Section 306. Rehabilitation

This section amends section 110(c) of the Housing Act of 1949 to permit local public agencies to carry out rehabilitation demonstrations in urban renewal projects by acquiring, improving, and reselling properties in a manner which will demonstrate the kinds of rehabilitation that are practicable in a project area, thereby stimulating other property owners to undertake similar rehabilitation on a voluntary basis. The program would be limited in any urban renewal area to 100 dwelling units or 5 percent of the total dwelling units in the area to be rehabilitated, whichever is less.

Section 307. Increase in nonresidential exception

This section amends section 110(c) of the Housing Act of 1949 to increase from 20 percent to 30 percent the proportion of the new urban renewal grant authority which may be used for areas which are not predominantly residential in character and will be redeveloped or rehabilitated for uses that are not predominantly residential.

Section 308. Eligibility of certain local grants-in-aid

This section amends section 110(d) of the Housing Act of 1949 to permit a local public agency upon request to have the eligibility of the local grants-in-aid for any of its urban renewal projects commenced before the date of enactment of the Housing Act of 1954 determined under current law instead of under the law in effect before that date.

Section 309. Urban renewal areas involving colleges, universities, or hospitals

This section amends section 112 of the Housing Act of 1949, which presently authorizes Federal assistance to an urban renewal project without regard to the "predominantly residential" requirement where an institution of higher learning is located in or near the project, and provides that expenditures otherwise eligible which are made by such an institution in accordance with the urban renewal plan (up to 5

years prior to the grant contract) can be credited to the locality's share of the project.

Under the amendment made by this section—

(1) The same treatment would be provided in the case of public and nonprofit hospitals as is presently provided in the case of educational institutions;

(2) An expenditure could not be counted as a local grant-in-aid if the educational institution or hospital acquired the property involved from a local public agency which has already received or contracted to receive a capital grant with respect to such property;

(3) Expenditures for the relocation of tenants from structures to be rehabilitated as well as those from structures to be demolished would be recognized for inclusion in the local grant-in-aid; and

(4) Expenditures by a public authority in connection with property leased to an educational institution or hospital for educational or hospital uses would be includible in the local grant-in-aid as though they had been made by such institution or hospital.

Section 310. Urban planning assistance

This section amends section 701 of the Housing Act of 1954 to increase from one-half to two-thirds the Federal share of the cost of the urban planning activities undertaken thereunder, to increase the grant authorization from \$20 million to \$50 million, to emphasize the transportation aspect of comprehensive planning, and to facilitate interstate planning for metropolitan and other urban areas crossing State boundaries by giving blanket consent to interstate agreements or compacts for such purpose.

Section 311. Historical site in urban renewal area

This section provides that the Riverfront-Willow Street redevelopment project in Knoxville, Tenn., may include the donation by the Knoxville Housing Authority of certain property to the James White's Fort Association, on condition that such association will carry out certain reconstruction on such site and will develop, preserve, and operate the property on a nonprofit basis as a historical site or monument.

Section 312. Credit for cost of school construction

This section permits the cost of the construction of a school within the area of a certain urban renewal project in Roanoke, Va., to be counted as a local grant-in-aid for purposes of such project.

Section 313. Technical amendments

Subsection (a) amends section 101(c) of the Housing Act of 1949 to make it clear that the term "workable program" for urban renewal purposes means a program for "community improvement."

Subsection (b) amends section 102(a) of such act to make it clear that early land acquisition loans may cover administrative, relocation, and other costs related to the demolition and removal of structures acquired with such loans.

Subsection (c) clarifies section 110(c)(4) of such act with respect to the leasing of urban renewal project land.

Section 314. Parks and recreational facilities

This section amends section 105 of the Housing Act of 1949 to require that an urban renewal plan give due consideration to the provision of such park and recreational areas and facilities as may be desirable for neighborhood improvement, with special consideration for the health, safety, and welfare of children in the area.

TITLE IV—COLLEGE HOUSING

Section 401. Loan authorization

This section amends section 401(d) of the Housing Act of 1950 to increase the amount of the revolving fund for college housing loans by \$300 million on July 1, 1961, and by additional increments of \$300 million each on July 1, 1962, 1963, and 1964 (the present limit on such fund is \$1,675 million). Thirty million dollars of each increment is reserved for "other educational facilities" (such as cafeterias and student centers), and another \$30 million of each increment is reserved for student-nurse and intern housing; the amounts presently reserved for these purposes are \$175 million and \$100 million, respectively.

Section 402. Apportionment by States

This section amends section 403 of the Housing Act of 1950 to increase from 10 percent to 12½ percent the portion of the total college housing loan funds which may be made available within any one State.

Section 403. Housing provided by nonprofit corporations

This section amends section 404(b) of the Housing Act of 1950 to provide that nonprofit corporations formed for the purpose of providing housing for students of one or more educational institutions will be eligible for loans under the college housing program. Except in the case of a corporation established by the institution or institutions for whose students the housing is to be provided, one or more of such institutions would be required to cosign any such loan.

TITLE V—COMMUNITY FACILITIES

Section 501. Public facility loans

This section substantially rewrites the community facilities program contained in title II of the Housing Amendments of 1955.

Subsection (a) eliminates the present authority to make community facility loans to States, limiting eligibility for such loans to municipalities and other political subdivisions (and their agencies and instrumentalities).

Subsection (b) permits the Housing and Home Finance Administrator to postpone the payment of interest on up to half of any community facility loan for a period of up to 10 years, if such loan does not exceed 50 percent of the development cost of the project involved and the Administrator determines that the applicant will experience above-average population growth and the project will contribute to orderly community development.

Subsection (c) provides that the maximum interest rate on community facility loans will be determined under the formula already applicable to loans under the college housing program (presently 3½ percent).

Subsection (d) limits eligibility for community facility loans to communities of less than 50,000 population (or 150,000 in the case of communities located in depressed areas). The existing priority for water, sewer, and gas loans to smaller communities (10,000 or less) would be continued.

Subsection (e) limits the aggregate amount of community facility loans with respect to any one project to \$10 million outstanding at any one time.

Subsection (f) provides that the types of facilities to be hereafter eligible for community facility loans shall be the same as those with respect to which such loans can presently be made under HHFA regulations.

Subsection (g) increases by \$500 million (from \$150 million to \$650 million) the amount of the community facility loan authorization.

Subsection (h) authorizes the Administrator to provide technical advisory services to assist communities in budgeting, financing, planning, and constructing community facilities.

Section 502. Advances for public works planning

This section amends section 702 of the Housing Act of 1954 to increase the amount of advances that may be made to public agencies in any one State from 10 to 12½ percent of the revolving fund; some States are reaching the present limit and an increase is needed. It would also make eligible for public works planning advances areawide projects, the construction of which might require a number of years and could not be construed as being "within a reasonable period of time" as required by present law; to reduce the possibility that Federal funds would be used to finance plans for which construction is unlikely to materialize, the Administrator would be required to determine that the project involved is planned to be constructed within or over a reasonable period of time considering the nature of the project.

This section also adds a provision increasing by \$10 million the amounts which may be appropriated to the revolving fund for these planning advances.

TITLE VI—AMENDMENTS TO THE NATIONAL HOUSING ACT

FEDERAL NATIONAL MORTGAGE ASSOCIATION

Section 601. Special assistance authorization

Subsection (a) amends section 305(c) of the National Housing Act to increase by \$750 million (from \$950 million to \$1,700 million) the existing statutory maximum revolving amount of FNMA's commitments and portfolio of special assistance mortgages. This maximum amount is subject to allocation by the President for special assistance to such housing loans as the President designates. The proposed increase (plus the approximately \$165 million still available under the existing authorization and the amounts transferred under subsections (b) and (c)) is intended to permit the continuation of FNMA's existing activities and to provide financial assistance for the new FHA programs proposed in the bill.

Subsection (b) amends section 305(g) of such act to make available for special assistance purposes an additional amount of approximately \$200 million by transferring for such purposes the amount remaining available under the program 10 antirecession program established by the Emergency Housing Act of 1958.

Subsection (c) amends section 306 of such act by adding a new subsection (f) which would authorize FNMA, annually for 4 years (as of July 1 of each of the years 1961 through 1964), to transfer to and merge with its authority under section 305(a) (special assistance functions) the amount of the annual net reductions in its mortgage portfolio under section 306 (management and liquidating functions), thereby further increasing the amount of its special assistance authority as set forth in section 305(c) by approximately \$140 million for each of such years.

Section 602. Limitation on mortgage amount

Subsection (a) amends section 302(b) of the National Housing Act to exempt mortgages insured under sections 809 and 810 of the National Housing Act from the dollar ceiling on the amount of any mortgage which FNMA may purchase (mortgages insured under sec. 803 of that act are already exempt from the ceiling).

Subsection (b) amends section 302(b) of such act to provide a further exemption from such ceiling for cooperative housing mortgages which are insured under section 213 of such act and which cover property located in an urban renewal area.

Section 603. Federal National Mortgage Association lending authority

This section amends title III of the National Housing Act to authorize FNMA to make short-term loans on the security of pledged FHA or VA mortgages. Such loans could be made for terms of 12 months and in amounts up to 80 percent of the unpaid balances of the mortgages securing them. The interest rates on such loans and the charges and fees required would be determined by FNMA from time to time with the objective of preventing excessive use of its facilities and making its secondary market operations (including the new loan operations as well as the existing purchase operations) fully self-supporting. Borrowers under the new program would be required to make nonrefundable capital contributions (not exceeding one-half of 1 percent of the loan) in the same manner as mortgage sellers under existing law.

FHA INSURANCE PROGRAMS

Section 604. Limitations on insurance authorizations

Subsection (a) extends for 4 years (from October 1, 1961, to October 1, 1965) the FHA title I property improvement loan insurance program.

Subsection (b) removes the specific dollar ceilings on FHA's mortgage insurance operations under title II of the National Housing Act.

Subsection (c) amends section 217 of the National Housing Act to remove until October 1, 1965, the existing ceiling on the aggregate amount of FHA-insured mortgages (with certain specified exceptions) which may be outstanding at any one time, and to provide that after October 1, 1965, the limit on the aggregate amount of FHA-insured

mortgages and loans will be equal to the principal amount of FHA's insured mortgages, loans, and commitments outstanding on that date.

Subsection (d) amends section 803(a) of the National Housing Act to extend for 1 year (until October 1, 1962) FHA's authority to insure mortgages under the military housing programs contained in title VIII of the act.

Section 605. Section 203 residential housing insurance

Subsection (a) amends section 203(b)(2) of the National Housing Act (the regular FHA home mortgage program) to reduce the downpayments required thereunder. Under this amendment the downpayment (where sales price equals appraised value) need include only 3 percent of the first \$15,000 of appraised value, 10 percent of the portion of appraised value between \$15,000 and \$20,000, and 25 percent of the amount above \$20,000 instead of 3 percent of the first \$13,500, 10 percent of the amount between \$13,500 and \$18,000, and 30 percent of the amount above \$18,000 as in existing law. (The requirement that the downpayment include 10 percent instead of 3 percent of the first increment in the case of an existing dwelling less than 1 year old unless it was VA approved would not be changed.)

Subsection (b) amends section 203(b)(2) of such act to increase the maximum amount of an insured mortgage covering a one-family or two-family residence from \$22,500 or \$25,000 to \$27,500 (the same amount as in the case of a mortgage covering a three-family residence).

Subsection (c) amends section 203(b)(3) of such act to increase the maximum maturity of mortgages insured under that section from 30 to 40 years.

Section 606. Authority to reduce premium charges

This section amends section 203(c) of the National Housing Act to give the FHA Commissioner discretion to reduce the annual premium charge for mortgage insurance under any of FHA's title II programs to as low as one-fourth of 1 percent, and to permit the Commissioner to make such a reduction under any of the title II programs applicable (where the mortgagor and mortgagee consent) to future payments under insured mortgages which are outstanding under that program on the effective date of the reduction. The present floor is one-half of 1 percent, which is the rate presently in effect.

Section 607. Section 207 rental housing insurance

This section amends section 207 of the National Housing Act to permit individuals, groups of individuals, or partnerships to be mortgagors under the FHA section 207 rental housing program (as now permitted for other rental programs), to permit exterior land improvements to be excluded in determining maximum mortgage amounts under that section, and to permit debentures under sections 220, 221, or 223 to be dated as of the date the mortgage is assigned or the property conveyed to the Commissioner.

This section also amends section 207 of such act to increase from \$1,500 to \$1,800 the maximum loan per space under the mortgage insurance program for trailer parks.

Section 608. Section 213 cooperative housing insurance

Subsection (a) amends section 213 of the National Housing Act (the FHA cooperative housing program) to permit insurance of cooperative multifamily projects of five or more family units (now limited

to eight or more), to permit exterior land improvements to be excluded in determining maximum mortgage amounts under that section, and to permit a cooperative investor-sponsor (in the Commissioner's discretion) to obtain an FHA-insured mortgage after a previous failure to sell to a cooperative as contemplated by law.

Subsection (b) amends section 213(b)(2) of such act to provide that the sole test of whether the construction of a cooperative housing project is economically feasible shall be whether purchasers are available who can afford the housing at the charges which will be imposed under the project's continued use as a cooperative, and not whether there is a market in the community for conventional rental housing accommodations at higher monthly charges, even though the mortgagor is of the investor-sponsor type.

Subsection (c) further amends section 213 of such act to authorize FHA insurance of supplementary cooperative loans made, on property covered by a section 213 mortgage, for improvements, repairs, or necessary community facilities. Such loans could be made only to management-type cooperatives, and would be limited as to amount to the paid-off portion of the original cooperative housing mortgage on the property and as to maturity to the remaining term of such mortgage.

Subsection (d) amends section 305(e) of such act (the special FNMA assistance program for cooperative mortgages) to authorize FNMA to reserve special assistance funds for the purchase of a cooperative mortgage when FHA has issued a statement of feasibility on the project and the application for mortgage insurance under section 213 has been filed.

Section 609. Section 220 sales housing mortgage insurance

Subsection (a) amends the sales housing provisions of section 220 of the National Housing Act (the FHA urban renewal housing program) to make the same changes in the required downpayment (3 percent on the first \$15,000, 10 percent of the amount between \$15,000 and \$20,000, and 25 percent of the amount above \$20,000 instead of 3 percent of the first \$13,500, 10 percent of the amount between \$13,500 and \$18,000, and 30 percent of the amount above \$18,000) as was made in the section 203(b) sales housing program by section 605(a) of the bill.

Subsection (b) amends the sales housing provisions of section 220 of such act to make the same increase in the maximum amount of an insurable mortgage covering a one-family or two-family residence (from \$22,500 or \$25,000 to \$27,500) as that which was made in the section 203(b) sales housing program by section 605 (b) of the bill.

Section 610. Nursing homes

This section amends section 232(d)(2) of the National Housing Act (the FHA program of mortgage insurance for nursing homes) to increase the maximum ratio of loan to estimated value under that program from 75 percent to 90 percent.

Section 611. Housing for defense-impacted areas

Subsection (a) repeals the authority presently granted to the FHA Commissioner (by sec. 810(l) of the National Housing Act) to require the Secretary of Defense to guarantee the armed services housing mortgage insurance fund from loss with respect to mortgages not

constituting acceptable risks under the FHA program of insurance for housing in defense-impacted areas.

Subsection (b) amends section 305 of the National Housing Act to establish a special support fund of \$25 million from which FNMA could purchase mortgages insured under section 810 in the exercise of its special assistance functions.

Subsection (c) amends section 406(a) of the act of August 30, 1957, to eliminate the provision which presently limits the number of housing units which can be insured under section 810 of the National Housing Act to the number specifically authorized by annual military construction authorization acts.

Section 612. Miscellaneous FHA amendments

Subsection (a) amends section 203 of the National Housing Act (1) to clarify the date from which the maturity of an FHA-insured home mortgage is calculated, and (2) to take account of the creation of the separate section 203 home improvement account within the mutual mortgage insurance fund by section 102(b)(3) of the bill.

Subsection (b) amends section 204(d) of such act to permit debentures under section 220 or 221 (urban renewal housing) or section 233 (experimental housing) to be dated as of the date the mortgage is assigned or the property conveyed to the Commissioner rather than the date of foreclosure or acquisition.

Subsection (c) amends section 204(g) of such act to authorize conveyances of foreclosed properties to the FHA Commissioner without naming the Commissioner by name.

Subsection (d) amends section 209 of such act to permit the costs of statistical and economic surveys to be charged to any FHA insurance fund or funds rather than to only one of three specified funds.

Subsection (e) amends section 212 of such act to make the FHA labor standards provisions applicable to the new section 220 home improvement loan program for multifamily housing, to the moderate income rental housing program in the case of mortgagors which are cooperatives or limited profit, and to multifamily experimental housing under the new section 233 program.

Subsection (f) amends section 219 of such act to include the FHA title I insurance account and the new funds created by the bill among the FHA insurance funds between which sums can be transferred by FHA when needed.

Subsection (g) amends section 220(f) of such act to authorize payment of insurance benefits either in cash or debentures (as provided in the mortgage insurance contract), in the discretion of the FHA Commissioner, in cases of defaults on section 220 urban renewal housing mortgages and payment of insurance claims on defaulted home mortgages upon assignment of such mortgages to the Commissioner.

Subsection (h) amends section 223 of such act to permit FHA insurance of mortgages given to refinance existing mortgages insured under the new programs contained in the bill. It also adds to section 223 a new provision permitting the FHA Commissioner to increase the amount of any multifamily FHA-insured mortgage to include an additional amount representing taxes, interest, insurance premiums, and certain other expenses which are incurred during the first 2 years after completion of the project and are not covered by project income.

Subsection (i) amends section 224 of such act to clarify the date for establishing the interest rate on FHA debentures, and to authorize

such rate to be determined as of the date of issuance of the debentures in the discretion of the Commissioner when issued in connection with defaulted loans or mortgages insured under sections 220, 221, or 233.

Subsection (j) amends section 226 of such act to require that the FHA appraisal statement be furnished to home buyers with loans insured under the new experimental housing and condominium programs (as now required for other FHA home mortgage programs), and to take account (in describing what such statement must contain) of certain other changes made by the bill.

Subsection (k) amends section 227 of such act to extend the cost certification requirements of that section to certain of the new programs contained in the bill.

Subsection (l) amends section 229 of such act to permit voluntary termination of FHA insurance of mortgages covering multifamily housing, and of mortgages and loans insured under the new programs contained in the bill.

Subsection (m) amends section 231(c)(2) of such act (the FHA program of mortgage insurance for elderly family housing) to increase the maximum amount of a mortgage which may be insured under that program in certain cases by changing the maximum from \$9,000 or \$9,400 per family unit to \$2,250 or \$2,750 per room where the number of rooms in the unit is four or more, and to provide that exterior land improvements may be excluded in determining such mortgage amounts.

TITLE VII—OPEN SPACE AND LAND DEVELOPMENT

PART 1. PERMANENT OPEN LAND

Section 701. Findings and purpose

This section sets forth the problems caused by the rapid expansion of the Nation's urban areas, and declares the purpose of this part to be to attack such problems through programs to assist State and local public bodies, acting in accord with comprehensive area plans, to acquire land in urban areas for preservation as open-space land in the proper long-range development of such areas.

Section 702. Federal grants

This section authorizes the Housing and Home Finance Administrator to make grants to State and local public bodies to pay up to 20 percent of the cost of acquiring permanent "open-space land," as defined in section 706, or up to 30 percent of such cost in the case of grants made to local bodies (or combinations of such bodies) which exercise responsibilities for open-land preservation for an entire urban area or for a substantial part of such an area, including at least two political jurisdictions.

Appropriations totaling \$100 million would be authorized for these grants, none of which could be used for development costs or ordinary governmental expenses or to help a public body acquire land outside the urban area for which it exercises responsibilities under the program. The funds could be used to assist in the acquisition not only of full title to land, but also of other permanent interests in land, such as development rights or other restrictive easements.

The Administrator would be required to consult with the Secretary of the Interior on the general policies to be followed in reviewing appli-

cations for grants and to provide him with current information on significant program developments. The Secretary would in turn be required to furnish appropriate information on the status of recreational planning for the areas to be served by the open-space land acquired.

Section 703. Planning requirements

This section would limit the proposed acquisition of open-space land to cases where it is important to the execution of an existing comprehensive plan, applicable to the area, which includes plans for open spaces and otherwise meets criteria established by the Administrator as to detail and coverage. In addition, a program of comprehensive planning for the urban area would be required. Such a program would be concerned not just with the preparation of comprehensive plans for long-range development, but also with such matters as the scheduling of capital improvements and the coordination of improvements proposed by different jurisdictions within the urban area.

This section would also require the Administrator to take appropriate action to encourage local governing bodies to preserve the open land they already have and to make maximum use of other alternative methods of providing open spaces.

Section 704. Conversions to other uses

This section would prohibit the conversion to other uses of open-space land for which a Federal grant has been made except with the approval of the Administrator, which would be given only if the proposed conversion is in accord with the comprehensive plan applicable to the land, and only if the locality provides other open-space land, equally suitable to the overall needs of the area and of equal value, using funds derived from the sale of the land or other public funds.

Section 705. Technical assistance, studies, and publication of information

This section authorizes the Administrator to provide technical assistance to State and local public bodies in planning and carrying out all phases of an open-land program. It also authorizes the Administrator to undertake studies and publish information which would be of assistance to such a program, and authorizes the appropriation of such funds as may be needed for these purposes.

Section 706. Definitions

Under this section the term "open-space land" would be defined as any undeveloped or predominantly undeveloped land, including agricultural land, in an urban area, which has (1) economic and social value as a means of shaping the character, direction, and timing of community development, (2) recreational value, (3) conservation value in protecting natural resources, or (4) historic, scenic, scientific, or esthetic value. The term "urban area" would be defined as any area which is urban in character, including surrounding areas which form an economic and socially related region as determined by the Administrator.

PART 2. FHA INSURANCE FOR SITE PREPARATION AND DEVELOPMENT

Section 710. Land development insurance

This section amends the National Housing Act by adding at the end thereof a new title X, establishing an experimental land development insurance program. The new program would provide for the insurance, during the 2-year period beginning on the date of enactment of the bill, of mortgages covering installations and improvements (determined by the Federal Housing Commissioner to be economically sound) made by private developers to convert raw land in an urban or suburban community into building sites to be used for the construction of moderate priced homes. Insurable mortgages under the new program could not involve a principal obligation in excess of \$2.5 million, or in excess of 75 percent of either the estimated value of the property at the completion of development or the value of the land at the time of commitment plus the cost of such development. The maximum maturity would be 5 years, and the maximum interest rate would be 6 percent. The Commissioner would collect premium charges in amounts (not less than one-half of 1 percent nor more than 1 percent per annum) determined by him, and appraisal and inspection fees in amounts not exceeding 1 percent of the original principal obligation of the mortgage. Payment of insurance would be governed by the provisions of section 207 of the National Housing Act (the regular rental housing insurance program). A land development insurance fund would be created, with initial capital of \$10 million transferred from the war housing insurance fund, to be used by the Commissioner as a revolving fund in carrying out the new program. The new title X also contains a cost certification provision to insure that the mortgage amounts specified above are not exceeded.

Section 711. Conforming amendments

This section makes necessary technical amendments in the National Housing Act, and also amends the Federal Reserve Act to authorize national banks to make land development loans insurable under the new title X program.

TITLE VIII—FARM HOUSING

Section 801

Subsection (a) amends section 502(b) of the Housing Act of 1949 to provide that in the discretion of the Secretary of Agriculture a farm housing loan may be made without taking a mortgage on the farm itself as is required under existing law, thus making it possible to avoid burdensome closing and servicing costs in the case of small home improvement loans for which a real estate mortgage is not appropriate.

Subsection (b) amends sections 511, 512, and 513 of such act to provide a 4-year extension of (1) availability of the unused balances (and additional amounts made available under section 802 of the bill) of building loan funds for adequate and potentially adequate farms, (2) authority to make commitments for contributions under section 503 of the act for potentially adequate farms, and (3) authorization

of appropriations for loans for essential land acquisition or development and grants for minor improvements under section 504 of the act relating to essential improvements or enlargements of farms.

Section 802

This section amends section 511 of the Housing Act of 1949 to make available until June 30, 1965, \$200 million in addition to the unused balance of approximately \$207 million of the \$450 million previously authorized for the 5 years ending June 30, 1961, for making building loans on adequate and potentially adequate farms.

Section 803

This section amends section 501 of the Housing Act of 1949 to provide that farm housing loans may be made to owners of land in rural areas which does not qualify as a "farm" under the present definition, to assist them in financing dwellings for their own use and, in the case of applicants engaged in farming, buildings for their farm operations.

Section 804

This section adds to title V of the Housing Act of 1949 a new section 514, providing for insurance by the Secretary of Agriculture of loans made by private lenders for the provision of housing and related facilities for domestic farm labor. Such loans could be made to individual farmers, associations of farmers, States or political subdivisions, or public or private nonprofit organizations. To be eligible for such insurance a loan could not exceed the value of the farm minus prior liens in the case of a loan to an individual farmer or the estimated value of the structures involved in any other case, and could not bear interest at a rate in excess of 5 percent. The aggregate amount of such loans insured in any one year could not exceed \$25 million. In carrying out the insurance program the Secretary would utilize the insurance fund and procedures of the Bankhead-Jones Farm Tenant Act. Loans insured under the new program when held by national banks would be exempt from certain statutory restrictions generally applicable to real estate loans of such banks.

Section 805

This section amends section 506 of the Housing Act of 1949 to authorize the Secretary of Agriculture to carry out a program of research, study, and analysis of farm housing in the United States. This program, which is similar in its scope to the farm housing research program formerly in effect under section 603 of the Housing Act of 1957 under the direction of the HHFA Administrator, would be designed to develop data and information on the adequacy of existing farm housing, farm housing needs, housing problems faced by farmers and other rural land owners, and any other matters bearing upon the provision of adequate farm housing; and the Secretary would be authorized to carry out the program through grants made to land-grant colleges or other agencies. To finance this program, appropriations of \$250,000 a year for 4 years (beginning July 1, 1961) would be authorized.

TITLE IX—MISCELLANEOUS

Section 901. Home Owners' Loan Act of 1933

This section contains four amendments (to section 5(c) of the Home Owners' Loan Act of 1933) affecting the operations of Federal savings and loan associations.

Home improvement loans.—Subsection (a) would authorize savings and loan associations to make the new type of home improvement loans provided under the bill.

Trade-in financing.—Subsection (b) would permit savings and loan associations to invest up to 5 percent of their assets in loans to facilitate trade-in financing. The loans could carry a term of up to 18 months on a nonamortized basis and could be made on an 80 percent ratio of loan-to-value. Individual loans could not exceed \$35,000 in principal amount, nor could loans of this type be made beyond the association's 50-mile lending radius.

Liberal loans for elderly citizens.—Subsection (c) would allow savings and loan associations to invest up to 5 percent of their assets in loans on special terms to finance housing for the elderly. Under the terms of the amendment, within certain limitations such loans could be made by individual associations up to 90 percent of value and with a maturity of up to 30 years.

Urban renewal housing.—Subsection (d) would authorize savings and loan associations to invest not more than 5 percent of their assets in certificates of beneficial interest issued by urban renewal investment trusts. The bill contemplates that two or more savings institutions would set up a trust empowered to make loans on property within urban renewal areas. Such investments would be limited to loans for the purchase or rehabilitation of property or the construction or improvement for either industrial, commercial, or housing purposes. Pooling of resources would offer a diversification of risk and the terms of each urban renewal investment trust agreement would have to be approved by the Federal Home Loan Bank Board.

Section 902. Federal Reserve Act

This section amends section 24 of the Federal Reserve Act to permit national banks to make home improvement loans which are insurable by FHA under the new programs contained in the bill.

Section 903. Voluntary home mortgage credit program

This section amends section 610(a) of the Housing Act of 1954 to extend the voluntary home mortgage credit program by 4 years (to October 1, 1965).

Section 904. Disposal of Passyunk war housing project

This section amends section 802(a) of the Housing Act of 1959 to extend by 2 additional years the period during which military personnel and civilian defense workers may occupy the Passyunk war housing project in Philadelphia without regard to certain conditions otherwise applicable.

Section 905. Hospital construction

This section amends section 605 of the Housing Act of 1956 so as to extend until June 30, 1962, the authority granted by that section for loans and grants to public and nonprofit agencies for hospital construction under the Defense Housing and Community Facilities and Services Act of 1951, where applications for such assistance were filed before June 30, 1953, and denied solely because of lack of funds. An appropriation of \$7,500,000 would be authorized for each of the additional years.

Section 906. Payment in lieu of taxes by Holyoke Housing Authority

This section directs the Public Housing Commissioner to approve the payment in lieu of taxes made by the Holyoke Housing Authority of the City of Holyoke, Mass., for its fiscal year ending December 31, 1956.

Section 907. Administrative

This section amends section 502 of the Housing Act of 1948 to permit libraries in the Housing and Home Finance Agency to purchase advance subscriptions to publications and memberships in organizations in order to receive or purchase scientific publications otherwise unavailable.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

NATIONAL HOUSING ACT AS AMENDED

* * * * *

TITLE I—HOUSING RENOVATION AND MODERNIZATION

* * * * *

INSURANCE OF FINANCIAL INSTITUTIONS

SEC. 2. (a) The Commissioner is authorized and empowered upon such terms and conditions as he may prescribe, to insure banks, trust companies, personal finance companies, mortgage companies, building and loan associations, installment lending companies, and other such financial institutions, which the Commissioner finds to be qualified by experience or facilities and approves as eligible for credit insurance, against losses which they may sustain as a result of loans and advances of credit, and purchases of obligations representing loans and advances of credit, made by them on and after July 1, 1939, and prior to October 1, [1961] 1963, for the purpose of financing alterations, repairs, and improvements upon or in connection with existing structures, and the building of new structures, upon urban, suburban, or rural real property (including the restoration, rehabilitation, rebuilding, and replacement of such improvements which have been damaged or destroyed by earthquake, conflagration, tornado, hurricane, cyclone, flood, or other catastrophe), by the owners thereof or by lessees of such real property under a lease expiring not less than six months after the maturity of the loan or advance of credit. In no case shall the insurance granted by the Commissioner under this section to any such financial institution on loans, advances of credit, and purchases made by such financial institution for such purposes on and after July 1, 1939, exceed 10 per centum of the total amount of such loans, advances of credit, and purchases: *Provided*, That with respect to any loan, advance of credit, or purchase made after the effective date of the Housing Act of 1954, the amount of any claim for loss on any such individual loan, advance of credit, or purchase paid by the Commissioner under the provisions of this section to a lending institution shall not exceed 90 per centum of such loss. The aggregate amount of all loans, advances of credit, and obligations purchased, exclusive of financing charges, with respect to which insurance may be heretofore or hereafter granted under this section and outstanding at any one time shall not exceed \$1,750,000,000.

* * * * *

TITLE II—MORTGAGE INSURANCE

* * * * *

INSURANCE OF MORTGAGES

SEC. 203. (a) The Commissioner is authorized, upon application by the mortgagee, to insure as hereinafter provided any mortgage offered to him which is eligible for insurance as hereinafter provided, and, upon such terms as the Commissioner may prescribe, to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon [; *Provided*, That the aggregate amount of principal obligations of all mortgages insured under this title and outstanding at any one time shall not exceed \$7,750,000,000 except that with the approval of the President such aggregate amount may be increased at any time or times by additional amounts aggregating not more than \$1,250,000,000 upon a determination by the President, taking into account the general effect of any such increase upon conditions in the building industry and upon the national economy, that such increase is in the public interest].

(b) To be eligible for insurance under this section a mortgage shall—

(1) Have been made to, and be held by, a mortgagee approved by the Commissioner as responsible and able to service the mortgage properly.

(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$22,500 in the case of property upon which there is located a dwelling designed principally for a one-family residence; or \$25,000 in the case of a two-family residence (whether or not such one- or two-family residence may be intended to be rented temporarily for school purposes); or \$27,500 in the case of a three-family residence; or \$35,000 in the case of a four-family residence; and not to exceed an amount equal to the sum of (i) 97 per centum (but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance, 90 per centum) of \$13,500 of the appraised value of the property or the dwelling was approved for guaranty, insurance, or direct loan under chapter 37 of title 38, United States Code, prior to the beginning of construction, as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of \$13,500 but not in excess of \$18,000, and (iii) 70 per centum of such value in excess of \$18,000.

(3) Having a maturity satisfactory to the Commissioner, but not to exceed, in any event, thirty years from the date of the [insurance] *beginning of amortization* of the mortgage or three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser.

(4) Contain complete amortization provisions satisfactory to the Commissioner requiring periodic payments by the mortgagor not in excess of his reasonable ability to pay as determined by the Commissioner.

(5) Bear interest (exclusive of premium charges for insurance, and service charges if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or

not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market.

(6) Provide, in a manner satisfactory to the Commissioner, for the application of the mortgagor's periodic payments (exclusive of the amount allocated to interest and to the premium charge which is required for mortgage insurance as hereinafter provided) to amortization of the principal of the mortgage.

(7) Contain such terms and provisions with respect to insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

(8) In the case of a mortgagor who is not the occupant of the property, have a principal obligation not in excess of an amount equal to 85 per centum of the amount computed under the provisions of paragraph (2) of this subsection: *Provided*, That such 85 per centum limitation shall not be applicable if the mortgagor and mortgagee assume responsibility in a manner satisfactory to the Commissioner for the reduction of the mortgage by an amount not less than 15 per centum of the outstanding principal amount thereof in the event the mortgaged property is not, prior to the due date of the eighteenth amortization payment of the mortgage, sold to a purchaser acceptable to the Commissioner who is the occupant of the property and who assumes and agrees to pay the mortgage indebtedness.

(9) Be executed by a mortgagor who shall have paid on account of the property at least 3 per centum, or such larger amount as the Commissioner may determine, of the Commissioner's estimate of the cost of acquisition in cash or its equivalent: *Provided*, That with respect to a mortgage executed by a mortgagor who is sixty years of age or older as of the date the mortgage is endorsed for insurance or with respect to a mortgage meeting the requirements of subsection (i) of this section, the mortgagor's payment required by this subsection may be paid by a corporation or person other than the mortgagor under such terms and conditions as the Commissioner may prescribe.

(c) The Commissioner is authorized to fix a premium charge for the insurance of mortgages under this title but in the case of any mortgage such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments: *Provided*, That a premium charge so fixed and computed shall also be applicable to each mortgage insured prior to the date of enactment of the National Housing Act Amendments of 1938 in lieu of any premium charge which would otherwise become due after such date with respect to such mortgage: *Provided further*, That in the case of any mortgage described in section 203(b)(2)(B) and accepted for insurance after such date and prior to July 1, 1939, the premium charge shall be one-fourth of 1 per centum per annum on such outstanding principal obligation. Such premium charges shall be payable by the mortgagee, either in cash, or in debentures issued by the Commissioner under this title at par plus accrued interest, in such manner as may be prescribed

by the Commissioner: *Provided*, That debentures presented in payment of premium charges shall represent obligations of the particular insurance fund to which such premium charges are to be credited: *Provided further*, That the Commissioner may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. If the Commissioner finds upon the presentation of a mortgage for insurance and the tender of the initial premium charge or charges so required that the mortgage complies with the provisions of this section, such mortgage may be accepted for insurance by endorsement or otherwise as the Commissioner may prescribe; but no mortgage shall be accepted for insurance under this section unless the Commissioner finds that the project with respect to which the mortgage is executed is economically sound. In the event that the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the Commissioner is further authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the Commissioner determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured until such maturity date; and in the event that the principal obligation is paid in full as herein set forth the Commissioner is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid.

(d) Repealed.

(e) Any contract of insurance heretofore or hereafter executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the *loan or mortgage* for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract except for fraud or misrepresentation on the part of such approved mortgagee.

(f) Repealed.

(g) Repealed.

(h) Notwithstanding any other provision of this section, the Commissioner is authorized to insure any mortgage which involves a principal obligation not in excess of \$12,000 and not in excess of 100 per centum of the appraised value of a property upon which there is located a dwelling designed principally for a single-family residence, where the mortgagor is the owner and occupant and establishes (to the satisfaction of the Commissioner) that his home which he occupied as an owner or as a tenant was destroyed or damaged to such an extent that reconstruction is required as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President, pursuant to section 2(a) of the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters and for other purposes" (Public Law 875, Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster.

(i) The Commissioner is authorized to insure under this section any mortgage meeting the requirements of subsection (b) of this section, except as modified by this subsection, which involves a principal obligation not in excess of \$9,000 and not in excess of 97 per

centum (or, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance or the dwelling was approved for guaranty, insurance, or direct loan under chapter 37 of title 38, United States Code, prior to the beginning of construction, 90 per centum) of the appraised value of a property located in an area where the Commissioner finds it is not practicable to obtain conformity with many of the requirements essential to the insurance of mortgages on housing in built-up urban areas, upon which there is located a dwelling designed principally for a single-family residence: *Provided*, That if the mortgagor is not the occupant of the property at the time of insurance, the principal obligation of the mortgage shall not exceed 85 per centum of the appraised value of the property: *Provided further*, That the Commissioner finds that the property with respect to which the mortgage is executed is an acceptable risk, giving consideration to the need for providing adequate housing for families of low and moderate income particularly in suburban and outlying areas or small communities: *Provided further*, That under the foregoing provisions of this subsection the Commissioner is authorized to insure any mortgage issued with respect to the construction of a farm home on a plot of land five or more acres in size adjacent to a public highway.

(j) Loans secured by mortgages insured under this section shall not be taken into account in determining the amount of real estate loans which a national bank may make in relation to its capital and surplus or its time and savings deposits.

(k) *To supplement the mortgage insurance provisions of this section in order to assist the conservation, improvement, and alteration of housing, the Commissioner is authorized to make commitments to insure and to insure a home improvement loan under this subsection in accordance with the provisions of section 220(h), except that (1) the structures improved shall be designed for occupancy by not more than four families and shall not be required to be located in the area of an urban renewal project; (2) the Commissioner shall find that the property with respect to which the loan is executed is economically sound; (3) all funds received and all disbursements made shall be credited or charged, as appropriate, to a separate section 203 home improvement account to be maintained as hereinafter provided under the mutual mortgage insurance fund; and (4) insurance benefits shall be paid in debentures executed in the name of the section 203 home improvement account. For the purposes of this subsection, the Commissioner shall have all the authority provided in section 220(h) and debentures issued with respect to loans insured under this subsection shall be issued in accordance with subsections (h)(6) and (h)(7) of section 220. There is hereby created a separate home improvement account under the mutual mortgage insurance fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this subsection, and the Commissioner is authorized to transfer to such account the sum of \$1,000,000 from the war housing insurance fund established pursuant to the provisions of section 602 of this Act. The provisions in section 205(c) shall not be applicable to loans insured under this subsection.*

PAYMENT OF INSURANCE

SEC. 204. (a) * * *

* * * * *

(d) The debentures issued under this section to any mortgagee with respect to mortgages insured under section 203 shall be executed in the name of the Mutual Mortgage Insurance Fund as obligor, shall be signed by the Commissioner by either his written or engraved signature, and shall be negotiable and the debentures issued under this section to any mortgagee with respect to mortgages insured under section 210 shall be executed in the name of the Housing Insurance Fund as obligor, shall be signed by the Commissioner by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date foreclosure proceedings were instituted, or the property was otherwise acquired by the mortgagee after default, *except that debentures with respect to loans or mortgages insured or initially endorsed for insurance on or after March 29, 1961 and issued pursuant to the provisions of section 220(f)(1), section 221(g)(3), and section 233 may be dated as of the date they are issued,* and shall bear interest from such date at a rate established by the Commissioner pursuant to section 224, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature twenty years after the date thereof. Such debentures as are issued in exchange for property covered by mortgages insured under section 203 or section 207 prior to the date of enactment of the National Housing Act Amendments of 1938 shall be subject only to such Federal, State, and local taxes as the mortgages in exchange for which they are issued would be subject to in the hands of the holder of the debentures and shall be a liability of the Fund, but such debentures shall be fully and unconditionally guaranteed as to principal and interest by the United States; but any mortgagee entitled to receive any such debentures may elect to receive in lieu thereof a cash adjustment and debentures issued as hereinafter provided and bearing the current rate of interest. Such debentures as are issued in exchange for property covered by mortgages insured after the date of enactment of the National Housing Act Amendments of 1938 shall be exempt, both as to principal and interest, from all taxation (except surtax, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority; and such debentures shall be paid out of the Fund, or the Housing Fund, as the case may be, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event that the Fund or the Housing Fund fails to pay upon demand, when due, the principal of or interest on any debentures issued under this section, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

* * * * *

(g) Notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, the Commissioner shall have power to deal with, complete, rent, renovate, modernize, insure, or sell for cash or credit, in his discretion, any properties conveyed to him in exchange for debentures and certificates of claim as provided in this section; and notwithstanding any other provision of law, the Commissioner shall also have power to pursue to final collection, by way of compromise or otherwise, all claims against mortgagors assigned by mortgagees to the Commissioner as provided in this section: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies or account of such property is the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Commissioner deeds of conveyance, deeds of release, assignments and [satisfaction] *satisfactions* of mortgages, and any other written instrument relating to real or personal property or any interest therein heretofore or hereafter acquired by the Commissioner pursuant to the provisions of this Act, may be exercised by the Commissioner or by any Assistant Commissioner appointed by him, without the execution of any express delegation of power or power of attorney: *Provided*, That nothing in this subsection shall be construed to prevent the Commissioner from delegating such power by order or by power of attorney, in his discretion, to any officer, agent, or employee he may appoint: *And provided further*, That a conveyance or transfer of title to real or personal property or an interest therein to the Federal Housing Commissioner, his successors and assigns, without identifying the Commissioner therein, shall be deemed a proper conveyance or transfer to the same extent and of like effect as if the Commissioner were personally named in such conveyance or transfer.

* * * * *

RENTAL HOUSING INSURANCE

SEC. 207. (a) As used in this section—

(1) The term “mortgage” means a first mortgage on real estate in fee simple, or on the interest of either the lessor or lessee thereof (A) under a lease for not less than ninety-nine years which is renewable or (B) under a lease having a period of not less than fifty years to run from the date the mortgage was executed, upon which there is located or upon which there is to be constructed a building or buildings designed principally for residential use or upon which there is located or to be constructed facilities for trailer coach mobile dwellings; and the term “first mortgage” means such classes of first liens as are commonly given to secure advances (including but not being limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and may be in the form of trust mortgages or mortgage indentures or deeds of trust securing notes, bonds, or other credit instruments.

(2) The term “mortgagee” means the original lender under a mortgage, and its successors and assigns, and includes the holders of

credit instruments issued under a trust mortgage or deed of trust pursuant to which such holders act by and through a trustee therein named.

(3) The term "mortgagor" means the original borrower under a mortgage and its successors and assigns.

(4) The term "maturity date" means the date on which the mortgage indebtedness would be extinguished if paid in accordance with the periodic payments provided for in the mortgage.

(5) The term "slum or blighted area" means any area where dwellings predominate which, by reason of dilapidation, overcrowding, faulty arrangements or design, lack of ventilation, light or sanitation facilities, or any combination of these factors, are detrimental to safety, health, or morals.

(6) The term "rental housing" means housing, the occupancy of which is permitted by the owner thereof in consideration of the payment, of agreed, whether or not, by the terms of the agreement, such payment over a period of time will entitle the occupant to the ownership of the premises or space in a trailer court or park properly arranged and equipped to accommodate trailer coach mobile dwellings.

(7) The term "State" includes the several States, and Alaska, Hawaii, Puerto Rico, the District of Columbia, Guam, and the Virgin Islands.

(b) In addition to mortgages insured under section 203, the Commissioner is authorized to insure mortgages as defined in this section (including advances on such mortgages during construction) which cover property held by—

(1) Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited dividend or redevelopment or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods or operation; or

[(2) Private corporations, associations, cooperative societies which are legal agents of owner-occupants, or trusts formed or created for the purpose of rehabilitating slum or blighted areas, or providing housing for rent or sale, and which possess powers necessary therefor and incidental thereto, and which, until the termination of all obligations of the Commissioner under such insurance, are regulated or restricted by the Commissioner as to rents or sales, charges, capital structure, rate of return, and methods of operation to such extent and in such manner as to provide reasonable rentals to tenants and a reasonable return on the investment. The Commissioner may make such contracts with, and acquire for not to exceed \$100 such stock or interest in, any such corporation, association, cooperative society, or trust as he may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of such Housing Fund, and shall be redeemed by the corporation, association, cooperative society, or trust at par upon the termination of all obligations of the Commissioner under the insurance.]

(2) any other mortgagor approved by the Commissioner, which until the termination of all obligations of the Commissioner under the insurance and during such further period of time as the Commissioner shall be the owner, holder, or reinsurer of the mortgage, is

regulated or restricted by the Commissioner as to rents, or sales, charges, capital structure, rate of return, and methods of operation to such extent and in such manner as to provide reasonable rentals to tenants and a reasonable return on the investment. The Commissioner may make such contracts with and acquire for not to exceed \$100 such stock or interest in the mortgagor as he may deem necessary to render effective the regulations or restrictions. The stock or interest acquired by the Commissioner shall be paid for out of the Housing Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.

The insurance of mortgages under this section is intended to facilitate particularly the production of rental accommodations, at reasonable rents, of design and size suitable for family living. The Commissioner is, therefore, authorized and directed in the administration of this section to take action, by regulation or otherwise, which will direct the benefits of mortgage insurance hereunder primarily to those projects which make adequate provision for families with children, and in which every effort has been made to achieve moderate rental charges.

Notwithstanding any other provisions of this section, no mortgage shall be insured hereunder unless the mortgagor certifies under oath that in selecting tenants for the property covered by the mortgage he will not discriminate against any family by reason of the fact that there are children in the family, and that he will not sell the property while the insurance is in effect unless the purchaser so certifies, such certification to be filed with the Commissioner. Violation of any such certification shall be a misdemeanor punishable by a fine of not to exceed \$500.

(c) To be eligible for insurance under this section a mortgage on any property or project shall involve a principal obligation in an amount—

(1) not to exceed \$20,000,000, or, if executed by a mortgagor coming within the provisions of paragraph numbered (b)(1) of this section, not to exceed \$50,000,000;

(2) not to exceed 90 per centum of the estimated value of the property or project (when the proposed improvements are completed): *Provided*, That except with respect to a mortgage executed by a mortgagor coming within the provisions of paragraph numbered (b)(1) of this section or a mortgage on a trailer court or park, such mortgage shall not exceed the amount which the Commissioner estimates will be the cost of the completed physical improvements on the property or project exclusive of public utilities and streets and organization and legal expenses: *And provided further*, That the above limitations in this paragraph (2) shall not apply to mortgages on housing in the Territory of Alaska, or in Guam, but such a mortgage may involve a principal obligation in an amount not to exceed 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the value of the property or project as such term is used in this paragraph may include the land, the proposed physical improvements, utilities within the boundaries of the property or project, architect's fees, taxes, and interest

accruing during construction, and other miscellaneous charges incident to construction and approved by the Commissioner): *And provided further*, That nothing contained in this section shall preclude the insurance of mortgages covering existing construction located in slum or blighted areas, as defined in paragraph numbered (5) of subsection (a) of this section, and the Commissioner may require such repair or rehabilitation work to be completed as is, in his discretion, necessary to remove conditions detrimental to safety, health, or morals; and

(3) not to exceed, for such part of such property or project as may be attributable to dwelling use (*excluding exterior land improvements as defined by the Commissioner*) \$2,500 per room (or \$9,000 per family unit if the number of rooms in such property or project is less than four per family unit) or not to exceed \$1,500 per space or \$500,000 per mortgage for trailer courts or parks: *Provided*, That as to projects to consist of elevator-type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,500 per room to not to exceed \$3,000 per room and the dollar amount limitation of \$9,000 per family unit to not to exceed \$9,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,250 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require.

The mortgage shall provide for complete amortization by periodic payments within such term as the Commissioner shall prescribe, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 5½ per centum per annum on the amount of the principal obligation outstanding at any time. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release. No mortgage shall be accepted for insurance under this section or section 210 unless **the Commissioner** finds that the property or project, with respect to which the mortgage is executed, is economically sound. Such property or project may include eight or more family units and may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants.

(d) The Commissioner shall collect a premium charge for the insurance of mortgages under this section and section 210 which shall be payable annually in advance by the mortgagee, either in cash or in debentures of the Housing Insurance Fund issued by the Commissioner under this title at par plus accrued interest. In addition to the premium charge herein provided for, the Commissioner is authorized to charge and collect such amounts as he may deem reasonable for the appraisal of a property or project offered for insurance and for the inspection of such property or project during construction: *Provided*, That such charges for appraisal and inspection shall not aggregate more than 1 per centum of the original principal face amount of the mortgage.

(e) In the event that the principal obligation of any mortgage accepted for insurance under this section is paid in full prior to the maturity date, the Commissioner is authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the Commissioner determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured until such maturity date.

(f) There is hereby created a Housing Insurance Fund (herein referred to as the "Housing Fund") which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section and sections 210, 213, 231, and 232, and the Commissioner is hereby directed to transfer immediately to such Housing Fund the sum of \$1,000,000 from that part of the Fund now held by him arising from appraisal fees heretofore collected by him. General expenses of operations of the Federal Housing Administration under this section and sections 210, 213, 231, and 232, may be charged to the Housing Fund.

(g) The failure of the mortgagor to make any payment due under or provided to be paid by the terms of a mortgage insured under this section shall be considered a default under such mortgage and, if such default continues for a period of thirty days, the mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided, upon assignment, transfer and delivery to the Commissioner, within a period and in accordance with rules and regulations to be prescribed by the Commissioner of (1) all rights and interests arising under the mortgage so in default; (2) all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transactions; (3) all policies of title or other insurance or surety bonds or other guaranties and any and all claims thereunder; (4) any balance of the mortgage loan not advanced to the mortgagor; (5) any cash or property held by the mortgagee, or to which it is entitled, as deposits made for the account of the mortgagor and which have not been applied in reduction of the principal of the mortgage indebtedness; and (6) all records, documents, books, papers, and accounts relating to the mortgage transaction. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for mortgage insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided for in subsection (j), issue to the mortgagee a certificate of claim as provided in subsection (h), and debentures having a total face value equal to the original principal face amount of the mortgage plus such amount as the mortgagee may have paid for (A) taxes, special assessments, and water rates, which are liens prior to the mortgage; (B) insurance on the property; and (C) reasonable expenses for the completion and preservation of the property and any mortgage insurance premiums paid after default, less the sum of (i) that part of the amount of the principal obligation, that has been repaid by the mortgagor, (ii) an amount equivalent to 1 per centum of the unpaid amount of such principal obligation, and (iii) any net income received by the mortgagee from the property: *Provide*! That the mortgagee in the event of a default under the mortgage may, at its option and in accordance with regulations of, and in a period to be determined by, the Commissioner, proceed to foreclose on and obtain possession of or otherwise acquire such property from the mortgagor

after default, and receive the benefits of the insurance as herein provided, upon (1) the prompt conveyance to the Commissioner of title to the property which meets the requirements of the rules and regulations of the Commissioner in force at the time the mortgage was insured and which is evidenced in the manner prescribed by such rules and regulations, and (2) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims that may have been released with the consent of the Commissioner. Upon such conveyance and assignment, the obligation of the mortgagee to pay the premium charges for insurance shall cease and the mortgagee shall be entitled to receive the benefits of the insurance as provided in this subsection, except that in such event the 1 per centum deduction, set out in (ii) hereof, shall not apply.

(h) The certificate of claim issued under this section shall be for an amount which the Commissioner determines to be sufficient, when added to the face value of the debentures issued and the cash adjustment paid to the mortgagee, to equal the amount which the mortgagee would have received if, on the date of the assignment, transfer and delivery to the Commissioner provided for in subsection (g), the mortgagor had extinguished the mortgage indebtedness by payment in full of all obligations under the mortgage and a reasonable amount for necessary expenses incurred by the mortgagee in connection with the foreclosure proceedings, or the acquisition of the mortgaged property otherwise, and the conveyance thereof to the Commissioner. Each such certificate of claim shall provide that there shall accrue to the holder of such certificate with respect to the face amount of such certificate, an increment at the rate of 3 per centum per annum which shall not be compounded. If the net amount realized from the mortgage, and all claims in connection therewith, so assigned, transferred, and delivered, and from the property covered by such mortgage and all claims in connection with such property after deducting all expenses incurred by the Commissioner in handling, dealing with, acquiring title to, and disposing of such mortgage and property and in collecting such claims, exceeds the face value of the debentures issued and the cash adjustment paid to the mortgagee plus all interest paid on such debentures, such excess shall be divided as follows:

(1) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such property, the Commissioner shall pay to the holder of such certificate the full amount so payable, and any excess remaining thereafter shall be retained by the Commissioner and credited to the Housing Insurance Fund; and

(2) If such excess is equal to or less than the total amount payable under such certificate of claim, the Commissioner shall pay to the holder of such certificate the full amount of such excess

(i) Debentures issued under this section shall be executed in the name of the Housing Insurance Fund as obligor, shall be signed by the Commissioner, by either his written or engraved signature, shall be negotiable, and shall be dated as of the date of default as determined in subsection (g) of this section and shall bear interest from such date. They shall bear interest at a rate established by the Commissioner pursuant to section 224, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature twenty years after the date thereof. Such debentures as are issued

in exchange for mortgages insured after the date of enactment of the National Housing Act Amendments of 1938 shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. They shall be paid out of the Housing Fund which shall be primarily liable therefor and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event the Housing Fund fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

(j) Debentures issued under this section shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provision for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury and may be in coupon or registered form. Any difference between the amount of debentures to which the mortgagee is entitled under this section, and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Commissioner to the mortgagee from the Housing Fund.

(k) The Commissioner is hereby authorized either to (1) acquire possession of and title to any property, covered by a mortgage insured under this section and assigned to him, by voluntary conveyance in extinguishment of the mortgage indebtedness, or (2) institute proceedings for foreclosure on the property covered by any such insured mortgage and prosecute such proceedings to conclusion. The Commissioner shall so acquire possession of and title to the property by voluntary conveyance or institute foreclosure proceedings as provided in this section within a period of one year from the date on which any such mortgage becomes in default under its terms or under the regulations prescribed by the Commissioner: *Provided*, That the foregoing provisions shall not be construed in any manner to limit the power of the Commissioner to foreclose on the mortgaged property after the expiration of such period, or the right of the mortgagor to reinstate the mortgage by the payment, prior to the expiration of such period, of all delinquencies thereunder. The Commissioner at any sale under foreclosure may, in his discretion, for the protection of the Housing Fund, bid any sum up to but not in excess of the total unpaid indebtedness secured by the mortgage, plus taxes, insurance, foreclosure costs, fees, and other expenses, and may become the purchaser of the property at such sale. The Commissioner is authorized to pay from the Housing Fund such sums as may be necessary to defray such taxes, insurance, costs, fees, and other expenses in connection with the acquisition or foreclosure of property under this section. Pending such acquisition by voluntary conveyance or by foreclosure, the Commissioner is authorized, with respect to any mortgage assigned to him under the provisions of subsection (g), to exercise all the rights

of a mortgagee under such mortgage, including the right to sell such mortgage, and to take such action and advance such sums as may be necessary to preserve or protect the lien of such mortgage.

(l) Notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real and other property by the United States, the Commissioner shall also have power, for the protection of the interests of the Housing Fund, to pay out of the Housing Fund all expenses or charges in connection with, and to deal with, complete, reconstruct, rent, renovate, modernize, insure, make contracts for the management of, or establish suitable agencies for the management of, or sell for cash or credit or lease in his discretion, any property acquired by him under this section; and notwithstanding any other provision of law, the Commissioner shall also have power to pursue to final collection by way of compromise or otherwise all claims assigned and transferred to him in connection with the assignment, transfer, and delivery provided for in this section, and at any time, upon default, to foreclose on any property secured by any mortgage assigned and transferred to or held by him: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of such property if the amount thereof does not exceed \$1,000.

(m) Premium charges, adjusted premium charges, and appraisal and other fees, received on account of the insurance of any mortgage insured under this section or section 210, the receipts derived from any such mortgage or claim assigned to the Commissioner and from any property acquired by the Commissioner, and all earnings on the assets of the Housing Fund, shall be credited to the Housing Fund. The principal of and interest paid and to be paid on debentures issued in exchange for any mortgage or property insured under this section or section 210, cash adjustments, and expenses incurred in the handling of such mortgages or property and in the foreclosure and collection of mortgages and claims assigned to the Commissioner under this section or section 210, shall be charged to the Housing Fund.

(n) In the event that a mortgage insured under this section becomes in default through failure of the mortgagor to make any payment due under or provided to be paid by the terms of the mortgage and such mortgage continues in default for a period of thirty days, but the mortgagee does not foreclose on or otherwise acquire the property, or does not assign and transfer such mortgage and the credit instrument secured thereby to the Commissioner, in accordance with subsection (g), and the Commissioner is given written notice thereof, or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, and the mortgagee pays any adjusted premium charge required under the provisions of subsection (e), and the Commissioner is given written notice by the mortgagee of the payment of such obligation, the obligation to pay the annual premium charge for insurance shall cease, and all rights of the mortgagee and the mortgagor under this section shall terminate as of the date of such notice.

(o) The Commissioner, with the consent of the mortgagee and the mortgagor of a mortgage insured under this section prior to the date of enactment of the National Housing Act Amendments of 1938, shall be empowered to reissue such mortgage insurance in accordance with

the provisions of this section as amended by such Act, and any such insurance not so reissued shall not be affected by the enactment of such Act.

(p) Moneys in the Housing Fund not needed for current operations of this section and section 210 shall be deposited with the Treasurer of the United States to the credit of the Housing Fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section and section 204. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this subsection. Debentures so purchased shall be canceled and not reissued.

(q) Repealed.

(r) Notwithstanding any other provision of this Act, the Commissioner is authorized to include in any mortgage insured under any title of this Act, after the effective date of the Housing Act of 1959, a provision requiring the mortgagor to pay a service charge to the Commissioner in the event such mortgage is assigned to and held by the Commissioner. Such service charge shall not exceed the amount prescribed by the Commissioner for mortgage insurance premiums applicable to such mortgage.

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STATISTICAL AND ECONOMIC SURVEYS

SEC. 209. The Commissioner shall cause to be made such statistical surveys and legal and economic studies as he shall deem useful to guide the development of housing and the creation of a sound mortgage market in the United States, and shall publish from time to time the results of such surveys and studies. Expenses of such studies and surveys, and expenses of publication and distribution of the results of such studies and surveys, shall be charged as a general expense of [the Fund, the Housing Fund, and the Defense Housing Insurance Fund in such proportion] *such Insurance Fund or Funds* as the Commissioner shall determine.

SEC. 210. Repealed.

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LABOR STANDARDS

SEC. 212. (a) The Commissioner shall not insure under section 207 or section 210 of this title, or under section 608 of title VI, pursuant to any application for insurance filed subsequent to the effective date of this section, or under section 213 of this title, or under title VII pursuant to any application filed subsequent to sixty days after the date of enactment of the Housing Act of 1950, or under section 803 or 810 of title VIII, or under section 908 of title IX, a mortgage or investment which covers property on which there is or is to be located a dwelling or dwellings, or a housing project, the construction of which was or is to be commenced subsequent to such date, unless the principal contractor files a certificate or certificates (at such times, in course of construction or otherwise, as the Commissioner may prescribe) certifying that the laborers and mechanics employed in the construction

of the dwelling or dwellings or the housing project involved have been paid not less than the wages prevailing in the locality in which the work was performed for the corresponding classes of laborers and mechanics employed on construction of a similar character, as determined by the Secretary of Labor prior to the beginning of construction and after the date of the filing of the application for insurance. The provisions of this section shall also apply to the insurance of any *loan or mortgage* under section 220 or section 233 which covers property on which there is located a dwelling or dwellings designed principally for residential use for twelve or more families. The provisions of this section shall apply to the insurance under section 221 of any mortgage described *in subsection (d)(3) in the case of a cooperative or a limited profit mortgagor, and in subsection (d)(4) thereof.* The provisions of this section shall also apply to the insurance of any mortgage under section 231 or 232 except that compliance with such provisions may be waived by the Commissioner in cases or classes of cases where laborers or mechanics, not otherwise employed at any time on the project, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction and the Commissioner determines that any amounts thereby saved are fully credited to the nonprofit corporation, association, or other organization undertaking the construction.

(b) The Commissioner is authorized to make such rules and regulations as may be necessary to carry out the provisions of this section.

(c) There is hereby authorized to be appropriated for the remainder of the fiscal year ending June 30, 1939, and for each fiscal year thereafter, a sum sufficient to meet all necessary expenses of the Department of Labor in making the determinations provided for in subsection (a).

COOPERATIVE HOUSING INSURANCE

SEC. 213. (a) In addition to mortgages insured under section 207 of this title, the Commissioner is authorized to insure mortgages as defined in section 207(a) of this title (including advances on such mortgages during construction), which cover property held by—

(1) a nonprofit cooperative ownership housing corporation or nonprofit cooperative ownership housing trust, the permanent occupancy of the dwellings of which is restricted to members of such corporation or to beneficiaries of such trust;

(2) a nonprofit corporation or nonprofit trust organized for the purpose of construction of homes for members of the corporation or for beneficiaries of the trust; or

(3) a mortgagor, approved by the Commissioner, which (A) has certified to the Commissioner, as a condition of obtaining the insurance of a mortgage under this section, that upon completion of the property or project covered by such mortgage it intends to sell such property or project to a nonprofit corporation or nonprofit trust of the character described in paragraph (1) of this subsection at the actual cost of such property or project as certified pursuant to section 227 of this Act and will faithfully and diligently make and carry out all reasonable efforts to consummate such sale, and (B) shall be regulated or restricted by the Commissioner as to rents, charges, capital structure, rate of return, and methods of operation during any period while it

holds the mortgaged property or project; and for such purpose the Commissioner may make such contracts with, and acquire for not to exceed \$100 such stock or interest in, any such mortgagor as the Commissioner may deem necessary to render effective such restriction or regulation, such stock or interest to be paid for out of the Housing Fund and to be redeemed by such mortgagor at par upon the sale of such property or project to such nonprofit corporation or nonprofit trust;

which corporations or trusts referred to in paragraphs (1) and (2) of this subsection are regulated or restricted for the purposes and in the manner provided in paragraphs numbered (1) and (2) of subsection (b) of section 207 of this title.

(b) To be eligible for insurance under this section a mortgage on any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) of this section shall involve a principal obligation in an amount—

(1) not to exceed \$20,000,000, or not to exceed \$25,000,000 if the mortgage is executed by a mortgagor regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operations; and

(2) not to exceed, for such part of the property or project as may be attributable to dwelling use (*excluding exterior land improvements as defined by the Commissioner*) \$2,500 per room (or \$9,000 per family unit if the number of rooms in such property or project is less than four per family unit), and not to exceed 97 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *Provided*, That as to projects which consist of elevator-type structures the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,500 per room to not to exceed \$3,000 per room and the dollar amount limitation of \$9,000 per family unit to not to exceed \$9,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design: *Provided further*, That the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations by not to exceed \$1,250 per room, without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require: *Provided further*, That in the case of a mortgagor of the character described in paragraph (3) of subsection (a) the mortgage shall involve a principal obligation in an amount not to exceed 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *And provided further*, That upon the sale of a property or project by a mortgagor of the character described in paragraph (3) of subsection (a) to a nonprofit cooperative ownership housing corporation or trust within two years after the completion of such property or project the mortgage given to finance such sale shall involve a principal obligation in an amount not to exceed the maximum amount computed in accordance with this subsection without regard to the preceding proviso.

(c) To be eligible for insurance under this section a mortgage on any property or project of a corporation or trust of the character described in paragraph numbered (2) of subsection (a) of this section shall involve a principal obligation in an amount not to exceed \$12,500,000 and not to exceed the greater of the following amounts:

(1) A sum computed on the basis of a separate mortgage for each single family dwelling (irrespective of whether such dwelling has a party wall or is otherwise physically connected with another dwelling or dwellings) comprising the property or project, equal to the total of each of the maximum principal obligations of such mortgages which would meet the requirements of section 203(b)

(2) of this Act if the mortgagor were the owner and occupant who had made any required payment on account of the property prescribed in such paragraph.

(2) A sum equal to the maximum amount which does not exceed either of the limitations on the amount of the principal obligation of the mortgage prescribed by paragraph numbered (2) of subsection (b) of this section.

(d) Any mortgage insured under this section shall provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe but not to exceed forty years from the beginning of amortization of the mortgage, and shall bear interest (exclusive of premium charges for insurance) at not to exceed $5\frac{1}{4}$ per centum per annum, except that individual mortgages insured pursuant to this subsection covering the individual dwellings in the project may bear interest at not to exceed $5\frac{3}{4}$ per centum per annum on the amount of the principal obligation outstanding at any time. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release, and a mortgage on any project of a corporation or trust of the character described in paragraph numbered (2) of subsection (a) of this section may provide that, at any time after the completion of the construction of the project, such mortgage may be replaced, in whole or in part, by individual mortgages covering each individual dwelling in the project in amounts not to exceed the unpaid balance of the blanket mortgage allocable to the individual property. Each such individual mortgage may be insured under this section. Property covered by a mortgage, insured under this section, on a property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) of this section may include [eight] five or more family units and may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants. Property held by a corporation or trust of the character described in paragraph numbered (2) of subsection (a) of this section which is covered by a mortgage insured under this section may include such community facilities, and property held by a mortgagor of the character described in paragraph numbered (3) of subsection (a) of this section which is covered by a mortgage insured under this section may include such commercial and community facilities, as the Commissioner deems adequate to serve the occupants.

(e) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 of this title shall be applicable to mortgages insured under this section except individual mortgages

insured pursuant to subsection (d) of this section covering the individual dwellings in the project, and as to such individual mortgages the provisions of subsections (a), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall be applicable.

(f) The Commissioner is authorized, with respect to mortgages insured or to be insured under this section, to furnish technical advice and assistance in the organization of corporations or trusts of the character described in subsection (a) of this section and in the planning, development, construction, and operation of their housing projects.

(g) Nothing in this Act shall be construed to prevent the insurance of a mortgage under this section covering a housing project designed for occupancy by single persons, and dwelling units in such a project shall constitute family units within the meaning of this section.

(h) In the event that a mortgagor of the character described in paragraph (3) of subsection (a) obtains an insured mortgage loan pursuant to this section and fails to sell the property or project covered by such mortgage to a nonprofit housing corporation or nonprofit housing trust of the character described in paragraph (1) of subsection (a) hereof, [such mortgagor shall not thereafter be eligible by reason of such paragraph (3) for insurance of any additional mortgage loans pursuant to this section] *the Commissioner is authorized to refuse, for such period of time as he shall deem appropriate under the circumstances, to insure under this section any additional investor-sponsor type mortgage loans made to such mortgagor or to any other investor-sponsor mortgagor where, in the determination of the Commissioner, any of its stockholders were identified with such mortgagor.*

(i) Nothing in this Act shall be construed to prevent the insurance of a mortgage executed by a mortgagor of the character described in paragraph (1) of subsection (a) of this section covering property upon which dwelling units and related facilities have been constructed prior to the filing of the application for mortgage insurance hereunder: *Provided*, That the Commissioner determines that the consumer interest is protected and that the mortgagor will be a consumer cooperative. In the case of properties other than new construction, the limitations in this section upon the amount of the mortgage shall be based upon the appraised value of the property for continued use as a cooperative rather than upon the Commissioner's estimate of the replacement cost. As to any project on which construction was commenced after the effective date of this subsection, the mortgage on such project shall be eligible for insurance under this section only in those cases where the construction was subject to inspection by the Commissioner and where there was compliance with the provisions of section 212 of this title. As to any project on which construction was commenced prior to the effective date of this subsection, such inspection, and compliance with the provisions of section 212 of this title, shall not be a prerequisite.

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GENERAL MORTGAGE INSURANCE AUTHORIZATION

[SEC. 217. Notwithstanding limitations contained in any other section of this Act on the aggregate amount of principal obligations of mortgages or loans which may be insured (or insured and outstanding at any one time), the aggregate amount of principal obligations of all

mortgages which may be insured and outstanding at any one time under insurance contracts or commitments to insure pursuant to any section or title of this Act (except section 2 and section 803) shall not exceed the sum of (a) the outstanding principal balances, as of July 1, 1956, of all insured mortgages (as estimated by the Commissioner based on scheduled amortization payments without taking into account prepayments or delinquencies), (b) the principal amount of all outstanding commitments to insure on that date, and (c) \$16,000,000,-000.

【It is the intent and purpose of this section to consolidate and merge all existing mortgage insurance authorizations or existing limitations with respect to any section or title of this Act (except section 2 and section 803) into one general insurance authorization to take the place of all existing authorizations or limitations.

【It is further the intent and purpose of this section to limit by law the aggregate amount of the balances of insured mortgages and the principal amount of all commitments to insure which may be outstanding under this Act (except section 2 and section 803). In the administration of this Act the Commissioner shall not hereafter enter into any type of agreement or other undertaking to insure a mortgage if a commitment to insure such mortgage would be unlawful under the limit so established.】

SEC. 217. Except with respect to the insurance of a loan or mortgage pursuant to section 2, subsections 221 (d) (2) and (d) (4) or title VIII of this Act subject to a limitation thereunder on the time of such insurance, no loan or mortgage shall be insured under any provision of this Act after October 1, 1965, except pursuant to a commitment to insure before that date.

SEC. 219. Notwithstanding limitations contained in any other sections of this Act as to the use of moneys credited to the title I insurance account, the title I housing insurance fund, the section 203 home improvement account, the housing insurance fund, the war housing insurance fund, the housing investment insurance fund, the armed services housing mortgage insurance fund, the defense housing insurance fund, the section 220 housing insurance fund, the section 220 home improvement account, the section 221 housing insurance fund, the experimental housing insurance fund, the apartment unit insurance fund, or the servicemen's mortgage insurance fund, the Commissioner is hereby authorized to transfer funds from any one or more of such insurance funds or accounts to any other such fund or account in such amounts and at such times as the Commissioner may determine, taking into consideration the requirements of such funds or accounts, separately and jointly to carry out effectively the insurance programs for which such funds or accounts were established.

REHABILITATION AND NEIGHBORHOOD CONSERVATION HOUSING INSURANCE

SEC. 220. (a) The purpose of this section is to aid in the elimination of slums and blighted conditions and the prevention of the deterioration of residential property by supplementing the insurance of mortgages under sections 203 and 207 of this title with a system of loan

and mortgage insurance designed to assist the financing required for the rehabilitation of existing dwelling accommodations and the construction of new dwelling accommodations where such dwelling accommodations are located in an area referred to in paragraph (1) of subsection (d) of this section.

(b) The Commissioner is authorized, upon application by the mortgagee, to insure, as hereinafter provided, any mortgage (including advances during construction on mortgages covering property of the character described in paragraph (3) (B) of subsection (d) of this section) which is eligible for insurance as hereinafter provided, and, upon such terms and conditions as he may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

(c) As used in this section, the terms "mortgage," "first mortgage," "mortgagee," "mortgagor," "maturity date," and "State" shall have the same meaning as in section 201 of this Act.

(d) To be eligible for insurance under this section a mortgage shall meet the following conditions:

(1) The mortgaged property shall—

(A) be located in (i) the area of a slum clearance and urban redevelopment project covered by a Federal-aid contract executed or a prior approval granted, pursuant to title I of the Housing Act of 1949 before the effective date of the Housing Act of 1954, or (ii) an urban renewal area (as defined in title I of the Housing Act of 1949, as amended) in a community respecting which the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by section 101(c) of the Housing Act of 1949, as amended, or (iii) the area of an urban renewal project assisted under section 111 of the Housing Act of 1949, as amended: *Provided*, That, in the case of an area within the purview of clause (i) or (ii) of this subparagraph, a redevelopment plan or an urban renewal plan (as defined in title I of the Housing Act of 1949, as amended), as the case may be, has been approved for such area by the governing body of the locality involved and by the Housing and Home Finance Administrator, and the Administrator has certified to the Commissioner that such plan conforms to a general plan for the locality as a whole and that there exist the necessary authority and financial capacity to assure the completion of such redevelopment or urban renewal plan: *And provided further*, That, in the case of an area within the purview of clause (iii) of this subparagraph, an urban renewal plan (as required for projects assisted under such section 111) has been approved for such area by such governing body and by the Administrator, and the Administrator has certified to the Commissioner that such plan conforms to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements, and that there exist the necessary authority and financial capacity to assure the completion of such urban renewal plan, and

(B) meet such standards and conditions as the Commissioner shall prescribe to establish the acceptability of such property for mortgage insurance under this section.

(2) The mortgaged property shall be held by—

(A) a mortgagor approved by the Commissioner, and the Commissioner may in his discretion require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return and methods of operation, and for such purpose the Commissioner may make such contracts with and acquire for not to exceed \$100 stock or interest in any such mortgagor as the Commissioner may deem necessary to render effective such restriction or regulations. Such stock or interest shall be paid for out of the Section 220 Housing Insurance Fund and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance; or

(B) by Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited dividend or redevelopment or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation.

(3) The mortgage shall—

(A)(i) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$22,500 in the case of property upon which there is located a dwelling designed principally for a one-family residence; or \$25,000 in the case of a two-family residence; or \$30,000 in the case of a three-family residence; or \$35,000 in the case of a four-family residence; or in the case of a dwelling designed principally for residential use for more than four families (but not exceeding such additional number of family units as the Commissioner may prescribe) \$35,000 plus not to exceed \$7,000 for each additional family unit in excess of four located on such property; and not to exceed an amount equal to the sum of (1) 97 per centum (but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance, 90 per centum) of \$13,500 of the Commissioner's estimate of replacement cost of the property, as of the date the mortgage is accepted for insurance, (2) 90 per centum of such replacement cost in excess of \$13,500 but not in excess of \$18,000, (3) 70 per centum of such replacement cost in excess of \$18,000: *Provided*, That in the case of properties other than new construction, the foregoing limitations upon the amount of the mortgage shall be based upon [appraised value] *the sum of the estimated cost of rehabilitation and the Commissioner's estimate of the value of the property before rehabilitation* rather than upon the Commissioner's estimate of the replacement cost;

(ii) in the case of a mortgagor who is not the occupant of the property, have a principal obligation not in excess of an amount equal to 85 per centum of the amount computed under the provisions of clause (i): *Provided*, That such 85 per centum limitation shall not be applicable if the mortgagor and mortgagee assume responsibility in a manner satisfactory to the Commissioner for the reduction of the mortgage by an amount not less than 15 per centum of the outstanding principal amount thereof in the event

the mortgaged property is not, prior to the due date of the eighteenth amortization payment of the mortgage, sold to a purchaser acceptable to the Commissioner who is the occupant of the property and who assumes and agrees to pay the mortgage indebtedness; or

(B)(i) not exceed \$20,000,000 or, if executed by a mortgagor coming within the provisions of paragraph (2)(B) of this subsection (d), not exceed \$50,000,000; and

(ii) not exceed 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost of the property or project may include the land, the proposed physical improvements, utilities within the boundaries of the property or project, architect's fees, taxes, and interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner, and shall include an allowance for builder's and sponsor's profit and risk of 10 per centum of all of the foregoing items except the land unless the Commissioner, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage): *Provided*, That in the case of properties other than new construction, the foregoing limitations upon the amount of the mortgage shall be based upon [appraised value] *the sum of the estimated cost of rehabilitation and the Commissioner's estimate of the value of the property before rehabilitation* rather than upon the Commissioner's estimate of the replacement cost;

(iii) not exceed, for such part of such property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$2,500 per room (or \$9,000 per family unit if the number of rooms in such property or project is less than four per family unit): *Provided*, That as to projects to consist of elevator-type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,500 per room to not to exceed \$3,000 per room and the dollar amount limitation of \$9,000 per family unit to not to exceed \$9,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design: *Provided further*, That the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations by not to exceed \$1,250 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require: *And provided further*, That nothing contained in this paragraph (B) shall preclude the insurance of mortgages covering existing multifamily dwellings to be rehabilitated or reconstructed for the purposes set forth in subsection (a) of this section; and

(iv) include such nondwelling facilities as the Commissioner deems adequate to serve the needs of the occupants of the property and of other housing in the neighborhood.

(4) The mortgage shall provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but as to mortgages coming within the provisions of paragraph

(3)(A) of this subsection (d) not to exceed the maximum maturity prescribed by the provisions of section 203(b)(3). The mortgage shall bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market; contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

(e) The Commissioner may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

(f) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

(1) as to mortgages meeting the requirements of paragraph (3)(A) of subsection (d) of this section, as provided in section 204(a) of this Act with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), (h); (j), and (k) of section 204 of this Act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 220 Housing Insurance Fund and all references therein to section 203 shall be construed to refer to this section; **[or]**

(2) as to mortgages meeting the requirements of paragraph (3)(B) of subsection (d) of this section, as provided in section 207(g) of this Act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this Act shall be applicable to such mortgages insured under this section, and all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Section 220 Housing Insurance Fund **[.]**; or

(3) *as to mortgages meeting the requirements of this section that are insured or initially endorsed for insurance on or after March 29, 1961, notwithstanding the provisions of paragraphs (1) and (2) of this subsection, the Commissioner, in his discretion, may in accordance with such regulations as he may prescribe, acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner and made previously by the mortgagee under the provisions of the mortgage. After the acquisition of the mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan. The provisions of sections 204 and 207 relating to the rights, liabilities and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this subsection, in accordance with and*

subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner.

(g) There is hereby created a Section 220 Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby authorized to transfer to such Fund the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Section 220 Housing Insurance Fund.

Moneys in the Section 220 Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of such Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Section 220 Housing Insurance Fund. The principal of, and interest paid and to be paid on, debentures issued under this section, cash adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to such Fund.

(h)(1) *To assist further in the conservation, improvement, repair, and rehabilitation of property located in the area of an urban renewal project as provided in paragraph (1) of subsection (d) of this section, the Commissioner is authorized upon such terms and conditions as he may prescribe to make commitments to insure and to insure home improvement loans (including advances during construction or improvement) made by financial institutions on and after the effective date of the Housing Act of 1961. As used in this subsection, "home improvement loan" means a loan, advance of credit or purchase of an obligation representing a loan or advance of credit made for the purpose of financing the improvement of an existing structure (or in connection with an existing structure) used primarily for residential purposes; "improvement" means conservation, repair, restoration, rehabilitation, conversion, alteration, enlargement, or remodeling; and "financial institution" means a lender approved by the Commissioner as eligible for insurance under section 2 or a mortgage approved under section 203(b)(1).*

(2) *To be eligible for insurance under this subsection, a home improvement loan shall—*

(i) *not exceed the Commissioner's estimate of the cost of improvement, or \$10,000 per family unit, whichever is the lesser;*

(ii) *be limited to an amount which when added to any outstanding indebtedness related to the property (as determined by the Commis-*

sioner) creates a total outstanding indebtedness which does not exceed the limits provided in subsection (d) (3) for properties other than new construction;

(iii) bear interest at not to exceed a rate prescribed by the Commissioner but not in excess of 6 per centum per annum of the amount of the principal obligation outstanding at any time, and such other charges (including such service charges, appraisal, inspection, and other fees) as may be approved by the Commissioner;

(iv) have a maturity satisfactory to the Commissioner, but not to exceed twenty-five years or three-quarters of the remaining economic life of the structure, whichever is the lesser;

(v) be secured at the discretion of the Commissioner in such cases and in such manner as he may require;

(vi) contain such other terms, conditions and restrictions as the Commissioner may prescribe; and

(vii) represent the obligation of a borrower who is the owner of the property improved.

(3) Any home improvement loan insured under this subsection may be refinanced and extended in accordance with such terms and conditions as the Commissioner may prescribe, but in no event for an additional amount or term in excess of the maximum provided for in this subsection.

(4) There is hereby created a separate section 220 home improvement account to be maintained under the section 220 housing insurance fund and to be used by the Commissioner as a revolving fund for carrying out the provisions of this subsection. The Commissioner is authorized to transfer to such fund the sum of \$1,000,000 from the war housing insurance fund established pursuant to the provisions of section 602 of this Act. Any premium charges, and appraisal and other fees received on account of the insurance of any home improvement loan accepted for insurance under this subsection, and the receipts derived from the sale, collection, deposit, or compromise of any evidence of debt, contract, claim, property, or security assigned to or held by the Commissioner in connection with the payment of insurance under this subsection, shall be credited to the section 220 home improvement account. Insurance claims under this subsection and expenses incurred in the handling, management, renovation, and disposal of any properties acquired by the Commissioner under this subsection shall be charged to the section 220 home improvement account. General expenses of operation of the Federal Housing Administration and other expenses incurred under this subsection may be charged to the section 220 home improvement account. Moneys in the account not needed for the current operation of the Federal Housing Administration under this subsection shall be deposited with the Treasurer of the United States to the credit of that account, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States.

(5) The Commissioner is authorized to fix a premium charge for the insurance of home improvement loans under this subsection but in the case of any loan such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the loan outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the financial institution in such manner as may be prescribed by the Commissioner and the Commissioner may require the payment of one or

more such premium charges at the time the loan is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the loan. If the Commissioner finds upon presentation of a loan for insurance and the tender of the initial premium charge or charges so required that the loan complies with the provisions of this subsection, such loan may be accepted for insurance by endorsement or otherwise as the Commissioner may prescribe. In the event that the principal obligation of any loan accepted for insurance under this subsection is paid in full prior to the maturity date, the Commissioner is authorized to refund to the financial institution all, or such portions as he shall determine to be equitable, of the current unearned premium charges heretofore paid.

(6) In cases of defaults in loans insured under this subsection, upon receiving notice of default, the Commissioner, in accordance with such regulations as he may prescribe, may acquire the loan and any security therefor upon payment to the financial institution in cash or in debentures of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner made previously by the financial institution under the provisions of the loan instruments. After the acquisition of the loan by the Commissioner the financial institution shall have no further rights, liabilities, or obligations with respect to the loan or any security for the loan.

(7) Debentures issued under this subsection shall be executed in the name of the section 220 home improvement account as obligor, shall be signed by the Commissioner, by either his written or engraved signature, shall be negotiable, and shall be dated as of the date of acquisition of the loan and shall bear interest from that date. They shall bear interest at a rate established by the Commissioner pursuant to section 224, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature ten years after their date of issuance. The debentures shall be exempt from taxation as provided in section 207(i) with respect to debentures issued under that subsection. They shall be paid out of the section 220 home improvement account which shall be primarily liable therefor and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and the guarantee shall be expressed on the face of the debentures. In the event the section 220 home improvement account fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures. Debentures issued under this subsection shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury and may be in coupon or registered form. Any difference between the amount of debentures to which the financial institution is entitled, and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Commissioner to the financial institution from the section 220 home improvement account.

(8) The provisions of subsections (c), (d), and (h) of section 2 shall apply to home improvement loans insured under this subsection.

(9) *The provisions of section 227 relating to mortgages insured under this Act shall be applicable to a home improvement loan executed in connection with the improvement of a structure for use as rental accommodations for five or more families and insured under this subsection, and for the purposes of this subsection, references in section 227 to (i) a "mortgage" or "mortgage loan" shall refer to a home improvement loan, (ii) a "mortgagor" or "mortgagee" shall refer to a borrower or financial institution, respectively, (iii) "mortgaged property" shall refer to property with respect to which a loan was executed and insured under this subsection, and (iv) "repair or rehabilitation" shall refer to "improvement" as defined in this subsection.*

HOUSING FOR MODERATE INCOME AND DISPLACED FAMILIES

SEC. 221. [(a) This section is designed to supplement systems of mortgage insurance under other provisions of the National Housing Act in order to assist (1) in relocating families from urban renewal areas, (2) in relocating families to be displaced as the result of governmental action in a community respecting which (A) the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101(c) of the Housing Act of 1949, as amended, or (B) there is being carried out a project covered by a Federal aid contract executed, or prior approval granted, by the Housing and Home Finance Administrator under title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954, or (C) there is being carried out an urban renewal project assisted under section 111 of the Housing Act of 1949, as amended, and (3) in relocating families residing in the environs of a community described in clause (2) which are to be displaced as the result of governmental action.

[Mortgage insurance under this section shall be available only in those localities, communities, or environs of communities, which shall have requested such mortgage insurance to be provided: *Provided*, That the Commissioner shall prescribe such procedures as in his judgment are necessary to secure to the families, referred to above, a preference or priority of opportunity to purchase or rent such dwelling units: *Provided further*, That the total number of dwelling units in properties covered by mortgage insurance under this section in or near any such community shall not exceed the aggregate number of such dwelling units which the Housing and Home Finance Administrator, from time to time, certifies to the Commissioner to be needed for the relocation of families referred to above and who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance authorized by this section: *Provided further*, That with respect to any community referred to in clause (2)(A) of this subsection, said Administrator shall not certify any dwelling units during any period when, in his opinion, the locality fails to carry out the workable program upon which said Administrator based the certification to the Commissioner that mortgage insurance under this section may be made available in such community: *And provided further*, That with respect to any community referred to in clause (2)(B) or (2)(C) of this subsection (but not clause (2)(A) thereof), the number of dwelling units certified by said Administrator shall not exceed the

number which he estimates to be needed for the relocation of such displaced families during the period when the project referred to in said clause (2)(B) or (2)(C) is being carried out.】 (a) *This section is designed to assist private industry in providing housing for low and moderate income families and families displaced from urban renewal areas or as a result of governmental action.*

(b) The Commissioner is authorized, upon application by the mortgagee, to insure under this section as hereinafter provided any mortgage (including advances during construction on mortgages covering property of the charter described in paragraph (3) and (4) of subsection (d) of this section) which is eligible for insurance as provided herein and, upon such terms and conditions as the Commissioner may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

(c) As used in this section, the terms "mortgage", "first mortgage", "mortgagee", "mortgagor", "maturity date" and "State" shall have the same meaning as in section 201 of this Act.

(d) To be eligible for insurance under this section, a mortgage shall—

(1) have been made to and be held by a mortgagee approved by the Commissioner as responsible and able to service the mortgage properly;

(2) be secured by property upon which there is located a dwelling conforming to applicable standards prescribed by the Commissioner under subsection (f) of this section, and meeting the requirements of all State laws, or local ordinances or regulations, relating to the public health or safety, zoning, or otherwise, which may be applicable thereto and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount (A) not to exceed (i) \$9,000 in the case of a property upon which there is located a dwelling designed principally for a single-family residence, [except that the Commissioner may by regulation increase this amount to not to exceed \$12,000 in any geographical area where he finds that cost levels so require,] (ii) \$18,000 in the case of a property upon which there is located a dwelling designed principally for a two-family residence, [except that the Commissioner may by regulation increase this amount to not to exceed \$20,000 in any geographical area where he finds that cost levels so require,] (iii) [\$25,000] \$27,000 in the case of a property upon which there is located a dwelling designed principally for a three-family residence, [except that the Commissioner may by regulation increase this amount to not to exceed \$27,500 in any geographical area where he finds that cost levels so require,] (iv) [\$32,000] \$33,000 in the case of a property upon which there is located a dwelling designed principally for a four-family residence, [except that the Commissioner may by regulation increase this amount to not to exceed \$35,000 in any geographical area where he finds that cost levels so require]: *Provided, That the Commissioner may increase the foregoing amounts to not to exceed \$15,000, \$25,000, \$32,000, and \$38,000, respectively, in any geographical area where he finds that cost levels so require;* and (B) not to exceed the appraised value (as of the date the mortgage is accepted for insurance) of any such property, less such amount, in the case of

any mortgagor, as may be necessary to comply with the succeeding provisos: *Provided*, That if the mortgagor is the owner and an occupant of the property at the time of the insurance, he shall have paid on account of the property at least (i) \$200 in the case of a single-family dwelling, (ii) \$400 in the case of a two-family dwelling, (iii) \$600 in the case of a three-family dwelling, and (iv) \$800 in the case of a four-family dwelling, in cash or its equivalent, which amount may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses: *Provided further*, That nothing contained herein shall preclude the Commissioner from issuing a commitment to insure, and insuring a mortgage pursuant thereto, where the mortgagor is not the owner and an occupant of the property, if the property is to be built or acquired and repaired or rehabilitated for sale, and the insured mortgage financing is required to facilitate the construction, or the repair or rehabilitation, of the dwelling and to provide financing pending the subsequent sale thereof to a qualified owner who is also an occupant thereof, but in such instances the mortgage shall not exceed 85 per centum of the appraised value; *And provided further*, That the Commissioner shall prescribe such procedures as in his judgment are necessary to secure to families, referred to in subsection (a) above, priorities in occupancy of the remaining units of two-, three-, and four-family dwellings after occupancy of one unit by the owner; or

[(3) if executed by a mortgagor which is a private nonprofit corporation or association or other acceptable private nonprofit organization, regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof or the Federal Housing Commissioner, as to rents, charges, and methods of operation, in such form and in such manner as, in the opinion of the Commissioner, will effectuate the purposes of this section, the mortgage may involve a principal obligation not in excess of \$12,500,000; and not in excess of \$9,000 per family unit for such part of such property or project as may be attributable to dwelling use except that the Commissioner may by regulation increase this amount to not to exceed \$12,000 in any geographical area where he finds that cost levels so require, and not in excess of (1) in the case of new construction, the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner), or (2) in the case of repair and rehabilitation, the Commissioner's estimate of the value of the property when the proposed repair and rehabilitation is completed: *Provided*, That such property or project, when constructed, or repaired and rehabilitated, shall be for use as rental accommodations for ten or more families eligible for occupancy as provided in this section; or]

(3) if executed by a mortgagor which is a public body or agency, a cooperative (including an investor-sponsor who meets such require-

ments as the Commissioner may impose to assure that the consumer interest is protected), or a limited dividend corporation (as defined by the Commissioner), or a private nonprofit corporation or association regulated or supervised under Federal or State laws or by political subdivisions of States, or agencies thereof, or by the Commissioner under a regulatory agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such manner as in the opinion of the Commissioner will effectuate the purposes of this section, the mortgage may involve a principal obligation in an amount—

(i) not to exceed \$12,500,000;

(ii) not to exceed for such part of such property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$2,250 per room (or \$8,500 per family unit if the number of rooms in such property or project is less than four per family unit), except that the Commissioner may in his discretion increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,750 per room, and the dollar amount limitation of \$8,500 per family unit to not to exceed \$9,000 per family unit, as the case may be, to compensate for higher costs incident to the construction of elevator type structures of sound standards of construction and design, and except that the Commissioner may increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,000 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require; and

(iii) not to exceed (1) in the case of new construction, the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner), or (2) in the case of repair and rehabilitation the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation: Provided, That such property or project, when constructed, or repaired and rehabilitated, shall be for use as a rental or cooperative project, and low and moderate income families or families displaced by urban renewal or other governmental action shall be eligible for occupancy in accordance with such regulations and procedures as may be prescribed by the Commissioner and that the Commissioner may adopt such requirements as he determines to be desirable regarding consultation with local public officials where such consultation is appropriate by reason of the relationship of such project to projects under other local programs; or

(4) if executed by a mortgagor [which is not a nonprofit organization] other than a mortgagor referred to in subsection (d) (3), and which is approved by the Commissioner—

(i) not exceed \$12,500,000;

[(ii) not exceed \$9,000 per family unit for such part of such property or project as may be attributable to dwelling use, except that the Commissioner may by regulation increase

this amount to not to exceed \$12,000 in any geographical area where he finds that cost levels so require;

(iii) not exceed (in the case of a property or project approved for mortgage insurance prior to the beginning of construction) 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner, and shall include an allowance for builder's and sponsor's profit and risk of 10 per centum of all of the foregoing items, except the land, unless the Commissioner, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage); and

(ii) *not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$2,250 per room (or \$8,500 per family unit if the number of rooms in such property or project is less than four per family unit) except that the Commissioner may in his discretion increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,750 per room, and the dollar amount limitation of \$8,500 per family unit to not to exceed \$9,000 per family unit, as the case may be, to compensate for higher costs incident to the construction of elevator type structures of sound standards of construction and design, and except that the Commissioner may increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,000 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require;*

(iv) not exceed 90 per centum of the Commissioner's estimate of the value of the property or project when the proposed repair and rehabilitation is completed if the proceeds of the mortgage are to be used for the repair and rehabilitation of a property or project:

[*Provided, That such property or project when constructed, or repaired and rehabilitated, shall be for use as rental accommodations for ten or more families eligible for occupancy as provided in this section: And provided further,***]** *not exceed 90 per centum of the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation if the proceeds of the mortgage are to be used for the repair and rehabilitation of a property or project: Provided, That the Commissioner may, in his discretion, require the mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation, and for such purpose the Commissioner may make such contracts with and acquire for not to exceed \$100 such stock or interest in any such mortgagor as the Commissioner may deem necessary to render effective such restrictions or regulations, with such stock or interest being paid for out of the Section 221 Housing*

Insurance Fund and being required to be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance; and

(5) provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, [but not to exceed forty years from the date of insurance of the mortgage] *but as to mortgages coming within the provisions of subsection (d)(2) not to exceed forty years from the date of beginning of amortizations of the mortgage* or three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser; bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market; and contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe: *Provided, That a mortgage insured under the provisions of subsection (d)(3) shall bear interest (exclusive of any premium charges for insurance and service charge, if any) at not less than the annual rate of interest determined, from time to time by the Secretary of the Treasury at the request of the Federal Housing Commissioner, by estimating the average market yield to maturity on all outstanding marketable obligations of the United States, and by adjusting such yield to the nearest one-eighth of 1 per centum.*

(e) The Commissioner may at any time under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

(f) The property or project shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance and may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants. *A property or project covered by a mortgage insured under the provisions of subsection (d)(3) or (d)(4) shall include five or more family units. The Commissioner is authorized to adopt such procedures and requirements as he determines are desirable to assure that the dwelling accommodations provided under this section are available to families displaced from urban renewal areas or as a result of governmental action. Notwithstanding any provision of this Act, the Commissioner, in order to assist further the provision of housing for low and moderate income families, in his discretion and under such conditions as he may prescribe, may insure a mortgage which meets the requirements of subsection (d)(3) of this section as in effect after the effective date of the Housing Act of 1961, with no premium charge, a reduced premium charge, or with a premium charge for such period or periods during the time the insurance is in effect as the Commissioner may determine, and there is hereby authorized to be appropriated, out of any money in the Treasury*

not otherwise appropriated, such amounts as may be necessary to reimburse the Section 221 Housing Insurance Fund for any net losses in connection with such insurance. No mortgage shall be insured under subsections (d)(2) and (d)(4) of this section after July 1, 1963, except pursuant to a commitment to insure before that date, or except a mortgage covering property which the Commissioner finds will assist in the provision of housing for families displaced from urban renewal areas or as a result of governmental action.

(g) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

(1) as to mortgages meeting the requirements of paragraph (2) of subsection (d) of this section, as provided in section 204(a) of this Act with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 of this Act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 221 Housing Insurance Fund and all references therein to section 203 shall be construed to refer to this section; or

(2) as to mortgages meeting the requirements of paragraph (3) or (4) of subsection (d) of this section, as provided in section 207(g) of this Act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this Act shall be applicable to such mortgages insured under this section, and all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Section 221 Housing Insurance Fund; or

(3) as to mortgages meeting the requirements of this section that are insured or initially endorsed for insurance on or after March 29, 1961, notwithstanding the provisions of paragraphs (1) and (2) of this subsection, the Commissioner, in his discretion, may in accordance with such regulations as he may prescribe, acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner and made previously by the mortgagee under the provisions of the mortgage, and after the acquisition of the mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan. The provisions of sections 204 and 207 relating to the issuance of debentures shall apply with respect to debentures issued under this subsection, and the provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this subsection, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages insured under this section (1) all references in section 204 to the "Fund" or "Mutual Mortgage Insurance Fund" shall refer to the "Section 221 Housing Insurance Fund", (2) all references to "section 203" shall refer to this section, and (3) all references in section 207 to the

“Housing Insurance Fund”, “Fund”, or “Housing Fund” shall refer to the “Section 221 Housing Insurance Fund”.

[(3)] (4) in the event any mortgage insured under this section is not in default at the expiration of twenty years from the date the mortgage was endorsed for insurance, the mortgagee shall, within a period thereafter to be determined by the Commissioner, have the option, to assign, transfer, and deliver to the Commissioner the original credit instrument and the mortgage securing the same and receive the benefits of the insurance as hereinafter provided in this paragraph, upon compliance with such requirements and conditions as to the validity of the mortgage as a first lien and such other matters as may be prescribed by the Commissioner at the time the loan is endorsed for insurance. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided herein, issue to the mortgagee debentures having a total face value equal to the amount of the original principal obligation of the mortgage which was unpaid on the date of the assignment, plus accrued interest to such date. Debentures issued pursuant to this paragraph [(3)] shall be issued in the same manner and subject to the same terms and conditions as debentures issued under paragraph (1) of this subsection, except that the debentures issued pursuant to this paragraph [(3)] shall be dated as of the date the mortgage is assigned to the Commissioner, shall mature ten years after such date, and shall bear interest from such date at the going Federal rate determined at the time of issuance. The term “going Federal rate” as used herein means the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (consisting of January through June or July through December) which includes the issuance date of such debentures, which applicable rate for each six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of eight to twelve years from the first day of such month of May or November (or, if no such obligations are outstanding, the obligation next shorter than eight years and the obligation next longer than twelve years, respectively, shall be used), and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum. The Commissioner shall have the same authority with respect to mortgages assigned to him under this paragraph as contained in section 207(k) and section 207(l) as to mortgages insured by the Commissioner and assigned to him under section 207 of this Act.

(h) There is hereby created a Section 221 Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby authorized to transfer to such Fund the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Fed-

eral Housing Administration under this section may be charged to the Section 221 Housing Insurance Fund.

Moneys in the Section 221 Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of such Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Section 221 Housing Insurance Fund. The principal of, and interest paid and to be paid on, debentures issued under this section, cash adjustments, *cash payments* and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to such Fund.

* * * * *

MISCELLANEOUS HOUSING INSURANCE

SEC. 223. (a) Notwithstanding any of the provisions of this title, and without regard to limitations upon eligibility contained in section 203, 207, 213, or 222 the Commissioner is authorized, upon application by the mortgagee, to insure or make commitments to insure under section 203, 207, 213, or 222 of this title any mortgage—

(1) executed in connection with the sale by the Government, or any agency or official thereof, of any housing acquired or constructed under Public Law 849, Seventy-sixth Congress, as amended; Public Law 781, Seventy-sixth Congress, as amended; or Public Laws 9, 73, or 353, Seventy-seventh Congress, as amended (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof); or

(2) executed in connection with the sale by the Public Housing Administration, or by any public housing agency with the approval of the said Administration, of any housing (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof) owned or financially assisted pursuant to the provisions of Public Law 671, Seventy-sixth Congress; or

(3) executed in connection with the sale by the Government, or any agency or official thereof, of any of the so-called Greenbelt towns, or parts thereof, including projects, or parts thereof, known as Greenhills, Ohio; Greenbelt, Maryland; and Greendale, Wisconsin, developed under the Emergency Relief Appropriation Act of 1935, or of any of the village properties or employee's housing

under the jurisdiction of the Tennessee Valley Authority, or of any housing under the jurisdiction of the Department of the Interior located within the town area of Coulee Dam, Washington, acquired by the United States for the construction, operation, and maintenance of Grand Coulee Dam and its appurtenant works: *Provided*, That for the purpose of the application of this title to sales by the Secretary of the Interior pursuant to subsections 3(b)(1) and 3(b)(2) of the Coulee Dam Community Act of 1957, the selling price of the property involved shall be deemed to be the appraised value, or of any permanent housing under the jurisdiction of the Department of the Interior constructed under the Boulder Canyon Project Act of December 21, 1928, as amended and supplemented, located within the Boulder City municipal area: *Provided*, That for purposes of the application of this title to sales by the Secretary of the Interior pursuant to subsections 3(b)(1) and 3(b)(2) of the Boulder City Act of 1958, the selling price of the property involved shall be deemed to be the appraised value; or

(4) executed in connection with the sale by the Government or any agency or official thereof, of any housing (including any property acquired, held, or constructed in connection therewith or to serve the inhabitants thereof) pursuant to the Atomic Energy Community Act of 1955, as amended: *Provided*, That such insurance shall be issued without regard to any preferences or priorities except those prescribed by this Act or the Atomic Energy Community Act of 1955, as amended; or

(5) executed in connection with the sale by a State or municipality, or an agency, instrumentality, or political subdivision of either, of a project consisting of any permanent housing (including any property acquired, held, or constructed in connection therewith or to serve the inhabitants thereof), constructed by or on behalf of such State, municipality, agency, instrumentality, or political subdivision, for the occupancy of veterans of World War II, or Korean veterans, their families, and others; or

(6) executed in connection with the first resale, within two years from the date of its acquisition from the Government, of any portion of a project or property of the character described in paragraphs (1), (2), (3), and (4) above; or

(7) given to refinance an existing mortgage insured under section 608 of title VI prior to the effective date of the Housing Act of 1954 or under section 903 or section 908 of title IX: *Provided*, That the principal amount of any such refinancing mortgage shall not exceed the original principal amount or the unexpired term of such existing mortgage and shall bear interest at a rate not in excess of the maximum rate applicable to loans insured under section 203, 207, 213, or 222, as the case may be, except that in any case involving the refinancing of a loan insured under section 608 or 908 in which the Commissioner determines that the insurance of a mortgage for an additional term will inure to the benefit of the applicable insurance fund, taking into consideration the outstanding insurance liability under the existing insured mortgage, such refinancing mortgage may have a term of not more than twelve years in excess of the unexpired term of such existing insured mortgage: *Provided further*, That a mortgage of the

character described in paragraphs (1) through (6) of this subsection shall have a maturity, a principal obligation, and an interest rate not in excess of the maximums applicable to loans insured under section 203, 207, 213, or 222, as the case may be, except that in no case may the principal obligation of a mortgage referred to in paragraph (5) of this subsection exceed 90 per centum of the appraised value of the mortgaged property.

(b) The Commissioner shall also have authority to insure under this title any mortgage assigned to him in connection with payment under a contract of mortgage insurance or executed in connection with the sale by him of any property acquired under title I, title II, title VI, title VII, title VIII, or title IX without regard to any limitation upon eligibility contained in this title II.

(c) *With respect to any mortgage, other than a mortgage covering a one- to four-family structure, heretofore or hereafter insured by the Commissioner, and notwithstanding any other provision of this Act, when the taxes, interest on the mortgage debt, mortgage insurance premiums, hazard insurance premiums, and the expense of maintenance and operation of the project covered by such mortgage during the first two years following final endorsement exceed the project income, the Commissioner may, in his discretion and upon such terms and conditions as he may prescribe, permit the excess of the foregoing expenses over the project income to be added to the amount of such mortgage, and extend the coverage of the mortgage insurance thereto, and such additional advance shall be deemed to be part of the original face amount of the mortgage.*

DEBENTURE INTEREST RATE

SEC. 224. Notwithstanding any other provisions of this Act, debentures issued under any section of this Act with respect to a *loan or mortgage* accepted for insurance on or after thirty days following the effective date of the Housing Act of 1954 (except debentures issued pursuant to paragraph [(3)] (4) of section 221(g) [hereof]) shall bear interest at the rate in effect [at the time the mortgage is insured] *on the date the commitment to insure the loan or mortgage was issued, or the date the loan or mortgage was endorsed for insurance, or (when there are two or more insurance endorsements) the date the loan or mortgage was initially endorsed for insurance, whichever rate is the highest, except that debentures issued pursuant to section 220(f), section 220(h)(6), section 221(g)(3), or section 233 may, at the discretion of the Commissioner, bear interest at the rate in effect on the date they are issued.* The Commissioner shall from time to time, with the approval of the Secretary of the Treasury, establish such interest rate in an amount not in excess of the annual rate of interest determined by the Secretary of the Treasury, at the request of the Commissioner, by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the calendar month next preceding the establishment of such rate of interest, on all outstanding marketable obligations of the United States having a maturity date of fifteen years or more from the first day of such next preceding month, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum.

* * * * *

FHA APPRAISAL AVAILABLE TO HOME BUYERS

SEC. 226. The Commissioner is hereby authorized and directed to require that, in connection with any property upon which there is located a dwelling designed principally for a single-family residence or a two-family residence and which is approved for mortgage insurance under section 203, 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered (2) of subsection (a) thereof, 220, 221, [222, or] 222, 233, 234, or 903 of this Act, the seller or builder or such other person as may be designated by the Commissioner shall agree to deliver, prior to the sale of the property, to the person purchasing such dwelling for his own occupancy, a written statement setting forth the amount of the appraised value of the property as determined by the Commissioner. This section shall not apply in any case where the mortgage involved was insured or the commitment for such insurance was issued prior to the effective date of the Housing Act of 1954. Notwithstanding the first sentence of this section, the Commissioner is authorized to require, in connection with any mortgage where the mortgage amount is computed on the basis of the Commissioner's estimate of the replacement cost of the property, that a written statement setting forth such estimate be furnished under this section in lieu of a written statement setting forth the amount of the appraised value of the property.

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VOLUNTARY TERMINATION OF INSURANCE

SEC. 229. Notwithstanding any other provision of this Act and with respect to any *loan or mortgage* [covering a one-, two-, three-, or four-family residence] heretofore or hereafter insured under this Act, *except under section 2*, the Commissioner is authorized to terminate any [mortgage] insurance contract upon request by the *borrower or mortgagor and the financial institution or mortgagee* and upon payment of such termination charge as the Commissioner determines to be equitable, taking into consideration the necessity of protecting the various insurance funds *and accounts*. Upon such termination *borrowers and mortgagors and financial institutions and mortgagees* shall be entitled to the rights, if any, to which they would be entitled under this Act if the insurance contract were terminated by payment in full of the insured *loan or mortgage*.

* * * * *

HOUSING FOR ELDERLY PERSONS

SEC. 231. (a) The purpose of this section is to assist in relieving the shortage of housing for elderly persons and to increase the supply of rental housing for elderly persons.

For the purposes of this section—

(1) the term "housing" means eight or more new or rehabilitated living units, not less than 50 per centum of which are specially designed for the use and occupancy of elderly persons;

(2) the term "elderly person" means any person, married or single, who is sixty years of age or more;

(3) the terms "mortgage", "mortgagee", "mortgagor", and "maturity date" shall have the meanings respectively set forth in section 207 of this Act.

(b) The Commissioner is authorized to insure any mortgage (including advances on mortgages during construction) in accordance with the provisions of this section upon such terms and conditions as he may prescribe and to make commitments for insurance of such mortgages prior to the date of their execution or disbursement thereon.

(c) To be eligible for insurance under this section, a mortgage to provide housing for elderly persons shall—

(1) involve a principal obligation in an amount not to exceed \$12,500,000, or, if executed by Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or nonprofit development or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation, not to exceed \$50,000,000;

(2) not exceed, for such part of such property or project as may be attributable to dwelling use (*excluding exterior land improvements as defined by the Commissioner*), \$9,000 per dwelling unit: *Provided*, That the Commissioner may, in his discretion, increase the dollar amount limitation of \$9,000 per unit to not to exceed \$9,400 per unit to compensate for the higher costs incident to the construction of elevator-type structures and may increase each of the foregoing dollar amount limitations by not to exceed \$1,250 per room in any geographical area where he finds that cost levels so require;

(3) if executed by a mortgagor which is a public instrumentality or a private nonprofit corporation or association or other acceptable private nonprofit organization regulated or supervised under Federal or State laws or by political subdivisions of States, or agencies thereof, or by the Commissioner under a regulatory agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such manner as, in the opinion of the Commissioner, will effectuate the purpose of this section, involve a principal obligation not in excess of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner): *Provided*, That in the case of properties other than new construction, the principal obligation shall not exceed the appraised value rather than the Commissioner's estimate of the replacement cost;

(4) if executed by a mortgagor which is approved by the Commissioner but is not a public instrumentality or a private nonprofit organization, involve a principal obligation not in excess (in the case of a property or project approved for mortgage insurance prior to the beginning of construction) or 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement costs may include the land,

the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner, and shall include an allowance for builder's and sponsor's profit and risk of 10 per centum of all of the foregoing items except the land unless the Commissioner, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage): *Provided*, That in the case of properties other than new construction the principal obligation shall not exceed 90 per centum of the Commissioner's estimate of the value of the property or project: *And provided further*, That the Commissioner may in his discretion require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation, and for such purpose the Commissioner may make contracts with and acquire for not to exceed \$100 such stock or interest in any such mortgagor as the Commissioner may deem necessary to render effective such restrictions or regulations; such stock or interest shall be paid for out of the Section 207 Housing Insurance Fund and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance;

(5) provide for a complete amortization by periodic payments within such terms as the Commissioner shall prescribe;

(6) bear interest (exclusive of premium charges for insurance) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of $5\frac{1}{2}$ per centum as the Commissioner finds necessary to meet the mortgage market; and

(7) cover a property or project which is approved for mortgage insurance prior to the beginning of construction or rehabilitation, with 50 per centum or more of the units therein specially designed for the use and occupancy of elderly persons in accordance with standards established by the Commissioner, and which may include such commercial and special facilities as the Commissioner deems adequate to serve the occupants.

(d) The Commissioner may consent to the release of a part or parts of the mortgaged property or project from the lien of any mortgage insured under this section upon such terms and conditions as he may prescribe, and shall prescribe such procedures as in his judgment are necessary to secure to elderly persons a preference or priority of opportunity to rent the dwellings included in such property or project.

(e) The provisions of subsections (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 shall apply to mortgages insured under this section and all references therein to section 207 shall refer to this section.

* * * * *

EXPERIMENTAL HOUSING

SEC. 233. (a) In order to assist in lowering housing costs and improving housing standards, quality, livability or durability or neighborhood design through the utilization of advanced housing technology, or experimental property standards, the Commissioner is authorized to insure,

and to make commitments to insure, under this section mortgages (including in the case of mortgages insured under subsection (b)(2) of this section, advances on such mortgages during construction) secured by dwellings involving the utilization and testing of advanced technology in housing design, materials, or construction, or experimental property standards for neighborhood design if the Commissioner determines that; (1) the property is an acceptable risk, giving consideration to the need for testing advanced housing technology or experimental property standards; (2) the utilization and testing of the advanced technology or experimental property standards involved will provide data or experience which the Commissioner deems to be significant in reducing housing costs or improving housing standards, quality, livability, or durability, or improving neighborhood design; and (3) the mortgages are eligible for insurance under the provisions of this section and under any further terms and conditions which may be prescribed by the Commissioner to establish the acceptability of the mortgages for insurance.

(b) To be eligible for insurance under this section a mortgage shall—

(1) meet the requirements of section 203(b), except that the maximum principal obligation of the mortgage as computed under clauses (i), (ii), and (iii) of section 203(b)(2) shall be determined on the basis of the Commissioner's estimate of the cost of replacing the property using comparable conventional design, materials, and construction rather than value, and the proviso in section 203(b)(8) shall not be applicable to mortgages insured under this section; or

(2) meet the requirements of section 207(b) and section 207(c), except that the maximum principal obligation of the mortgage as computed under section 207(c)(2) shall be determined on the basis of the Commissioner's estimate of the cost of replacing the property, using comparable conventional design, materials, and construction rather than value.

(c) The Commissioner may enter into such contracts, agreements, and financial undertakings with the mortgagor and others as he deems necessary or desirable to carry out the purposes of this section, and may expend available funds for such purposes, including the correction, when he determines it necessary to protect the occupants, at any time subsequent to insurance of a mortgage, of defects or failures in the dwellings which the Commissioner finds are caused by or related to the advanced housing technology utilized in their design or construction or experimental property standards.

(d) The Commissioner may make such investigations and analyses of data, and publish and distribute such reports as he determines to be necessary or desirable to assure the most beneficial use of the data and information to be acquired as a result of this section.

(e) Any mortgagee under a mortgage insured under subsection (b)(1) of this section shall be entitled to the benefits of the insurance as provided in section 204 with respect to mortgages insured under section 203, and the provisions of section 204 may apply to the mortgages insured under subsection (b)(1), except that as applied to those mortgages (1) all references to the "fund", or "mutual mortgage insurance fund", shall refer to the "experimental housing insurance fund", and (2) all references to "section 203" shall refer to this section 233.

(f) Any mortgagee under a mortgage insured under subsection (b)(2) of this section shall be entitled to the benefits of insurance as provided in section 207 with respect to mortgages insured under section 207, except

that as applied to mortgages insured under subsection (b)(2) of this section (1) all references to the "housing insurance fund", "fund", or "housing fund" shall refer to the "experimental housing insurance fund", and (2) all references to "this section" shall refer to this section 233.

(g) Notwithstanding the provisions of subsections (e) and (f) of this section, in the case of default of any mortgage insured under this section, the Commissioner in his discretion, may in accordance with such regulations as he may prescribe, acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash (from the Experimental Housing Insurance Fund) or in debentures of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner made previously by the mortgagee under the provisions of the mortgage. After the acquisition of the mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the mortgage. The provisions of sections 204 and 207 relating to the issuance of debentures shall apply with respect to debentures issued under this subsection, and the provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this subsection, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages insured under this section (1) all references in section 204 to the "fund" or "mutual mortgage insurance fund" shall refer to the "experimental housing insurance fund", (2) all references to "section 203" shall refer to this section, and (3) all references in section 207 to the "housing insurance fund", "fund", or "housing fund" shall refer to the "experimental housing insurance fund".

(h) There is hereby created an "experimental housing insurance fund" to be used by the Commissioner as a revolving fund to carry out the provisions of this section, and the Commissioner is directed to transfer the sum of \$1,000,000 to the fund from the war housing insurance fund created by section 602 of this Act. General expenses of operation of the Federal Housing Administration and other expenses incurred under this section may be charged to the experimental housing insurance fund. The provisions of subsections (d), (e), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 shall be applicable to a mortgage insured under subsection (b)(2) of this section, and all references in those subsections to the "Housing Insurance Fund" or the "Housing Fund" shall refer to the "Experimental Housing Insurance Fund".

MORTGAGE INSURANCE FOR INDIVIDUALLY OWNED UNITS IN MULTIFAMILY STRUCTURES

SEC. 234. (a) The purpose of this section is to provide an additional means of increasing the supply of privately owned dwelling units where, under the laws of the State in which the property is located, real property title and ownership are established with respect to a one-family unit which is part of a multifamily structure.

(b) The terms "mortgage", "mortgagee", "mortgagor", "maturity date", and "State" shall have the meanings respectively set forth in section 201, except that the term "mortgage" for the purposes of this section may include a first mortgage given to secure the unpaid purchase

price of a fee interest in, or a long-term leasehold interest in, a one-family unit in a multifamily structure and an undivided interest in (or share in cooperative ownership of) the common areas and facilities which serve the structure where the mortgage is determined by the Commissioner to be eligible for insurance under this section. The term "common areas and facilities" as used in this section shall be deemed to include the land and such commercial, community, and other facilities as are approved by the Commissioner.

(c) The Commissioner is authorized in his discretion and under such terms and conditions as he may prescribe (including the minimum number of family units in the structure which shall be offered for sale and provisions for the protection of the consumer and the public interest), to insure any mortgage covering a one-family unit in a multifamily structure and an undivided interest in (or share in cooperative ownership of) the common areas and facilities which serve the structure, if (1) the mortgage meets the requirements of this section and of section 203(b), except as that section is modified by this section; and (2) the structure is or has been covered by a mortgage insured under another section of this Act, notwithstanding any requirements in such section that the structure was constructed or rehabilitated for the purpose of providing rental housing. Any project proposed to be constructed or rehabilitated after the effective date of the Housing Act of 1961 with the assistance of mortgage insurance under this Act, where the sale of family units is to be assisted with mortgage insurance under this section, shall be subject to such requirements as the Commissioner may prescribe. To be eligible for insurance pursuant to this section a mortgage shall involve a principal obligation in an amount not to exceed (1) the limits per room and per family dwelling units provided by section 207(c)(3), and (2) the sum of (i) 97 per centum of \$13,500 of the amount which the Commissioner estimates will be the appraised value of the family unit including common areas and facilities as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of \$13,500 but not in excess of \$18,000, and (iii) 70 per centum of such value in excess of \$18,000. In determining the amount of a mortgage in the case of a nonoccupant mortgager the reference to paragraph 2 of section 203(b) in section 203(b)(8) shall be construed to refer to clause (2) of the preceding sentence in this section. The mortgage shall contain such provisions as the Commissioner determines to be necessary for the maintenance of common areas and facilities and the multifamily structure. The mortgagor shall have exclusive right to the use of the one-family unit covered by the mortgage and, together with the owners of other units in the multifamily structure, shall have the right to the use of the common areas and facilities serving the structure and the obligation of maintaining all such common areas and facilities. The Commissioner may require that the rights and obligations of the mortgagor and the owners of other dwelling units in the structure (including voting rights and number of units which can be under the same ownership) shall be subject to such controls as he determines necessary and feasible to promote and protect individual owners, the multifamily structure, and its occupants. For the purposes of this section, the Commissioner is authorized in his discretion and under such terms and conditions as he may prescribe to permit one-family units and interests in common areas and facilities in multifamily structures covered by mortgages insured under section 207, 213, 220, 221, or 231 to be released from the liens of those mortgages.

(d) Any mortgagee under a mortgage insured under this section is entitled to receive the benefits of the insurance as provided in section 204(a) of this Act with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall be applicable to the mortgages insured under this section, except that (1) all references in section 204 to the mutual mortgage insurance fund or the fund shall refer to the apartment unit insurance fund, (2) all references therein to section 203 shall refer to this section, and (3) the excess remaining referred to in section 204(f)(1) shall be retained by the Commissioner and credited to the apartment unit insurance fund.

(e) There is hereby created the apartment unit insurance fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section. The Commissioner is authorized to transfer to the fund the sum of \$1,000,000 from the war housing insurance fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this section may be charged to the apartment unit insurance fund. The provisions of the second and third paragraphs of section 220(g) shall be applicable to the apartment unit insurance fund and to this section, and all references therein to the section 220 housing insurance fund or the fund shall be construed to refer to the apartment unit insurance fund, and all references therein to "this section" shall be construed to refer to this section 234.

(f) The provisions of section 225, 229, and 230 shall be applicable to the mortgages insured under this section.

TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

PURPOSES

SEC. 301. The Congress hereby declares that the purposes of this title are to establish in the Federal Government a secondary market facility for home mortgages, to provide that the operations of such facility shall be financed by private capital to the maximum extent feasible, and to authorize such facility to—

(a) provide supplementary assistance to the secondary market for home mortgages by providing a degree of liquidity for mortgage investments, thereby improving the distribution of investment capital available for home mortgage financing;

(b) provide special assistance (when, and to the extent that, the President has determined that it is in the public interest) for the financing of (1) selected types of home mortgages (pending the establishment of their marketability) originated under special housing programs designed to provide housing of acceptable standards at full economic costs for segments of the national population which are unable to obtain adequate housing under established home financing programs, and (2) home mortgages generally as a means of retarding or stopping a decline in mortgage lending and home building activities which threatens materially the stability of a high level national economy; and

(c) manage and liquidate the existing mortgage portfolio of the Federal National Mortgage Association in an orderly manner, with a minimum of adverse effect upon the home mortgage market and minimum loss to the Federal Government.

CREATION OF ASSOCIATION

SEC. 302. (a) There is hereby created a body corporate to be known as the "Federal National Mortgage Association" (hereinafter referred to as the "Association"), which shall be a constituent agency of the Housing and Home Finance Agency. The Association shall have succession until dissolved by Act of Congress. It shall maintain its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. Agencies or offices may be established by the Association in such other place or places as it may deem necessary or appropriate in the conduct of its business.

(b) For the purposes set forth in section 301 and subject to the limitations and restrictions of this title, the Association is authorized to make commitments to purchase and to purchase, service, or sell, any residential or home mortgages (or participations therein) which are insured under this Act, as amended, or which are insured or guaranteed under the Servicemen's Readjustment Act of 1944, as amended: *Provided, That* (1) no mortgage may be purchased at a price exceeding 100 per centum of the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items; (2) the Association may not purchase any mortgage if it is offered by, or covers property held by, a Federal, State, territorial, or municipal instrumentality; and (3) the Association may not purchase any mortgage, except a mortgage insured under section 220 or 803, or *insured under section 213 and covering property located in an urban renewal area*, or a mortgage covering property located in Alaska, Guam, or Hawaii, if the original principal obligation thereof exceeds or exceeded \$17,500 for each family residence or dwelling unit covered by the mortgage: *Provided, That* with respect to mortgages purchased under section 304 the principal obligation shall not exceed \$20,000.

* * * * *

SPECIAL ASSISTANCE FUNCTIONS

SEC. 305. (a) To carry out the purposes set forth in paragraph (b) of section 301, the President, after taking into account (1) the conditions in the building industry and the national economy and (2) conditions affecting the home mortgage investment market, generally, or affecting various types or classifications of home mortgages, or both, and after determining that such action is in the public interest, may under this section authorize the Association, for such period of time and to such extent as he shall prescribe, to exercise its powers to make commitments to purchase and to purchase such types, classes, or categories of home mortgage (including participations therein) as he shall determine.

(b) The operations of the Association under this section shall be confined, so far as practicable, to mortgages (including participations) which are deemed by the Association to be of such quality as to meet, substantially and generally, the purchase standards imposed by private institutional mortgage investors but which, at the time of submission of the mortgages to the Association for purchase, are not necessarily readily acceptable to such investors. Subject to the provisions of this section, the prices to be paid by the Association for

mortgages purchased in its operations under this section shall be established from time to time by the Association. The Association shall impose charges or fees for its services under this section with the objective that all costs and expenses of its operations under this section should be within its income derived from such operations and that such operations should be fully self-supporting.

(c) The total amount of purchases and commitments authorized by the President pursuant to subsection (a) of this section shall not exceed **[\$950,000,000]** \$1,700,000,000 outstanding at any one time.

(d) The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section, such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Association. The Secretary of the Treasury is authorized to purchase any obligations of the Association to be issued under this section, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the Association's obligations hereunder.

(e) Notwithstanding any other provision of this Act, the Association is authorized to enter into advance commitment contracts and purchase transactions which do not exceed \$200,000,000 outstanding at any one time if such commitments or transactions relate to mortgages with respect to which the Federal Housing Commissioner shall have issued pursuant to section 213 either a commitment to insure or a statement of eligibility; but such commitments in any one State shall not exceed \$20,000,000 outstanding at any one time: *Provided*, That (1) of the total amount of advance commitment contracts and purchase transactions authorized by this subsection, the amount of \$50,000,000 shall be available solely for commitments or purchases of mortgages where the management or sales-type cooperative involved is certified by the Federal Housing Commissioner as a consumer cooperative, and (2) of the commitment in any one State, not more than \$15,000,000 shall be outstanding at any one time for mortgages with respect to cooperative projects which are not of the type described in clause (1) of this proviso. On and after the date of enactment of the Housing Act of 1959, the Association is authorized to enter into advance commitment contracts and purchase transactions (in addition to those authorized by the preceding sentence) relating to mortgages with respect to which the Federal Housing Commissioner shall have issued pursuant to section 213 a commitment to insure or a statement of eligibility, without regard to any of the limitations contained in the preceding sentence; except that the total amount of the additional advance commitment contracts and purchase transactions authorized by this sentence which may be outstanding at any one time shall not

exceed \$25,000,000, of which the amount of \$12,500,000 shall be available solely for commitments or purchases of mortgages where the management or sales-type cooperative involved is certified by the Federal Housing Commissioner as a consumer cooperative and the amount of \$12,500,000 shall be available solely for commitments or purchases of mortgages where the cooperative involved is a builder-sponsor cooperative.

(f) Notwithstanding any other provision of this Act, the Association is authorized to make commitments to purchase and to purchase, service, or sell, any mortgage (or participation therein) which is insured under title VIII of this Act, as amended on or after August 11, 1955: *Provided*, That the total amount of purchases and commitments authorized by this subsection shall not exceed \$500,000,000 outstanding at any one time: *Provided further*, That of the amount authorized in the preceding proviso not less than \$58,750,000 shall be available for such purchases and commitments with respect to mortgages insured under section 809 or 810.

(g) With a view to further carrying out the purposes set forth in section 301(b), and notwithstanding any other provision of this Act, the Association is authorized to make commitments to purchase and to purchase, service, or sell any mortgages which are insured under title II of this Act or guaranteed under the Servicemen's Readjustment Act of 1944, if the original principal obligation thereof does not exceed \$13,500: *Provided*, That the total amount of purchases and commitments authorized by this subsection shall not exceed \$1,000,000,000 outstanding at any one time: *Provided further*, That applicants for such commitments shall be required to certify that construction of the housing to be covered by the mortgages has not commenced.

(h) *Notwithstanding any other provision of this Act, the Association is authorized (subject to Presidential action as provided in subsection (a), as limited by subsection (c), of this section) to purchase pursuant to commitments or otherwise, and to service, sell, and otherwise deal in any home improvement loans insured under section 220(h) of this Act.*

(i) *Notwithstanding clause (2) of section 302(b) and any provision of this Act which is inconsistent with this subsection, the Association is authorized (subject to Presidential action as provided in subsection (a), as limited by subsection (c), of this section) to purchase pursuant to commitments or otherwise, and to service, sell, and otherwise deal in mortgages insured under the provisions of section 221(d)(3) of this Act.*

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TITLE VIII—ARMED SERVICES HOUSING MORTGAGE INSURANCE

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SEC. 803. (a) In order to assist in relieving the acute shortage and urgent need for family housing which now exists at or in areas adjacent to military installations because of uncertainty as to the permanency of such installations and to increase the supply of necessary family housing accommodations for personnel at such installations, the Commissioner is authorized, upon application of the mortgagee, to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided, and, upon

such terms as the Commissioner may prescribe, to make commitments for so insuring such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the aggregate amount of principal obligations of all mortgages insured under this title (except mortgages insured pursuant to the provisions of this title in effect prior to the enactment of the Housing Amendments of 1955) shall not exceed \$2,300,000,000: *And provided further*, That the limitation in section 217 of this Act shall not apply to this title: *And provided further*, That no more mortgages shall be insured under this title after October 1, [1961] 1962, except pursuant to a commitment to insure before such date, and not more than twenty thousand family housing units shall be contracted for after June 30, 1959, pursuant to any mortgage insured under section 803 of this title after such date.

UNITED STATES HOUSING ACT OF 1937, AS AMENDED

* * * * *

DEFINITIONS

SEC. 2. When used in this Act—

(1) The term “low-rent housing” means decent, safe, and sanitary dwellings within the financial reach of families of low income, and developed and administered to promote serviceability, efficiency, economy, and stability, and embraces all necessary appurtenances thereto. The dwellings in low-rent housing shall be available solely for families of low income. Income limits for occupancy and rents shall be fixed by the public housing agency and approved by the Authority after taking into consideration (A) the family size, composition, age, physical handicaps, and other factors which might affect the rent-paying ability of the family, and (B) the economic factors which affect the financial stability and solvency of the project.

(2) The term “families of low income” means families who are in the lowest income group and who cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe, and sanitary dwellings for their use. The term “families” means families consisting of two or more persons, a single person who has attained retirement age as defined in section 216 (a) of the Social Security Act or who [has attained the age of fifty and] is under a disability as defined in section 223 of that Act, or the remaining member of a tenant family. The term “elderly families” means families the head of which (or his spouse) has attained retirement age as defined in section 216(a) of the Social Security Act or [has attained the age of fifty and] is under a disability as defined in section 223 of that Act.

(3) The term “slum” means any area where dwellings predominate which, by reason of dilapidation, overcrowding, faulty arrangement or design, lack of ventilation, light or sanitation facilities, or any combination of these factors, are detrimental to safety, health, or morals.

(4) The term “slum clearance” means the demolition and removal of buildings from any slum area.

(5) The term “development” means any or all undertakings necessary for planning, land acquisition, demolition, construction, or equip-

ment, in connection with a low-rent housing project. The term "development cost" shall comprise the costs incurred by a public housing agency in such undertakings and their necessary financing (including the payment of carrying charges, but not beyond the point of physical completion), and in otherwise carrying out the development of such project. Construction activity in connection with a low-rent housing project may be confined to the reconstruction, remodeling, or repair of existing buildings. In cases where the public housing agency is also the local public agency for the purposes of title I of the Housing Act of 1949, or in cases where the public housing agency and the local public agency for purposes of such title I operate under a combined central administrative office staff, an administration building included in a low-rent housing project to provide central administrative office facilities may also include sufficient facilities for the administration of the functions of such local public agency, and in such case, the Authority shall require that an economic rent shall be charged for the facilities in such building which are used for the administration of the functions of such local public agency, and shall be paid from funds derived from sources other than the low-rent housing projects of such public housing agency.

(6) The term "administration" means any or all undertakings necessary for management, operation, maintenance, or financing, in connection with a low-rent-housing or slum-clearance project, subsequent to physical completion.

(7) The term "Federal project" means any project owned or administered by the Authority.

(8) The term "acquisition cost" means the amount prudently required to be expended by a public housing agency in acquiring a low-rent-housing or slum-clearance project.

(9) The term "non-dwelling facilities" shall include site development, improvements and facilities located outside building walls (including streets, sidewalks, and sanitary, utility, and other facilities).

(10) The term "going Federal rate" means the annual rate of interest (or, if there shall be two or more such rates of interest, the highest thereof) specified in the most recently issued bonds of the Federal Government having a maturity of ten years or more, determined, in the case of loans or annual contributions, respectively, at the date of Presidential approval of the contract pursuant to which such loans or contributions are made: *Provided*, That with respect to any loans or annual contributions made pursuant to a contract approved by the President after the first annual rate has been specified as provided in this proviso, the term "going Federal rate" means the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (beginning with the six-month period ending December 31, 1953) during which the contract is approved by the President, which applicable rate for each six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of fifteen or more years from the first day of such month of May or November, and by adjusting such estimated average annual yield to the nearest one-eighth of one per centum: *And provided further*, That

for the purposes of this Act, the going Federal rate shall be deemed to be not less than 2½ per centum.

(11) The term "public housing agency" means any State, county, municipality, or other governmental entity or public body (excluding the Authority), which is authorized to engage in the development or administration of low-rent housing or slum clearance. The Authority shall enter into contracts for financial assistance with a State or State agency where such State or State agency makes application for such assistance for an eligible project which, under the applicable laws of the State, is to be developed and administered by such State or State agency.

(12) The term "State" includes the States of the Union, the District of Columbia, and the Territories, dependencies, and possessions of the United States.

(13) The term "Authority" means the United States Housing Authority created by section 3 of this Act.

[(14) The term "veteran" shall mean a person who has served in the active military or naval service of the United States at any time (i) on or after September 16, 1940, and prior to July 26, 1947, (ii) on or after April 6, 1917, and prior to November 11, 1918, or (iii) on or after June 27, 1950, and prior to such date thereafter as shall be determined by the President, and who shall have been discharged or released therefrom under conditions other than dishonorable. The term "service-man" shall mean a person in the active military or naval service of the United States who has served therein at any time (i) on or after September 16, 1940, and prior to July 26, 1947, (ii) on or after April 6, 1917, and prior to November 11, 1918, or (iii) on or after June 27, 1950, and prior to such date thereafter as shall be determined by the President.]

[(15) The term "initiated" when used in reference to the date on which a project was initiated refers to the date of the first contract for financial assistance in respect to such project entered into by the Authority and the public housing agency.]

* * * * *

ANNUAL CONTRIBUTIONS IN ASSISTANCE OF LOW RENTALS

SEC. 10. (a) The Authority may make annual contributions to public housing agencies to assist in achieving and maintaining the low-rent character of their housing projects. The annual contributions for any such project shall be fixed in uniform amounts, and shall be paid in such amounts over a fixed period of years. The Authority shall embody the provisions for such annual contributions in a contract guaranteeing their payment over such fixed period. *Provided, That the Authority may, in addition to the payments guaranteed under the contract, pay not to exceed \$120 per annum per dwelling unit occupied by an elderly family on the last day of the project fiscal year where such amount, in the determination of the Authority, was necessary to enable the public housing agency to lease the dwelling unit to the elderly family at a rental it could afford and to operate the project on a solvent basis.* The Authority shall not make any contract for loans (other than preliminary loans) or for annual contributions or for capital grants pursuant to this Act with respect to any low-rent housing project initiated after March 1, 1949, unless the governing body of the locality involved has entered into an

agreement with the public housing agency providing that subsequent to the initiation of the low-rent housing project and within five years after the completion thereof, there has been or will be elimination, by demolition, condemnation, effective closing, or compulsory repair or improvement, of unsafe or insanitary dwelling units situated in the locality or metropolitan area substantially equal in number to the number of newly constructed dwelling units provided by such project: *Provided, however,* That where more than one family is living in an unsafe or insanitary dwelling unit the elimination of such unit shall count as the elimination of units equal to the number of families accommodated therein: *Provided further,* That such elimination may, in the discretion of the Authority be deferred in any locality or metropolitan area where there is an acute shortage of decent, safe, or sanitary housing available to families of low income: *And provided further,* That this requirement shall not apply in the case of any low-rent housing project located in a rural nonfarm area, or to any low-rent housing project developed on the site of a slum cleared subsequent to the date of enactment of the Housing Act of 1949 and that the dwelling units which had been eliminated by the clearance of the site of such project shall not be counted as elimination for any other low-rent project.

(b) Annual contributions shall be strictly limited to the amounts and periods necessary, in the determination of the Authority, to assure the low-rent character of the housing projects involved. Toward this end the Authority may prescribe regulations fixing the maximum contributions available under different circumstances, giving consideration to cost, location, size, rent-paying ability of prospective tenants, or other factors bearing upon the amounts and periods of assistance needed to achieve and maintain low rentals. Such regulations may provide for rates of contribution based upon development, acquisition or administration cost, number of dwelling units, number of persons housed, or other appropriate factors: *Provided,* That the fixed contribution payable annually under any contract shall in no case exceed a sum equal to the annual yield, at the applicable going Federal rate plus 1 per centum, upon the development or acquisition cost of the low-rent housing or slum-clearance project involved.

(c) Every contract for annual contributions shall provide that whenever in any year the receipts of a public housing agency in connection with a low-rent housing project exceed its expenditures (including debt service, administration, maintenance, establishment of reserves, and other costs and charges), an amount equal to such excess shall be applied, or set aside for application, to purposes which, in the determination of the Authority, will effect a reduction in the amount of subsequent annual contributions. In no case shall any contract for annual contributions be made for a period exceeding sixty years: *Provided,* That, in the case of projects initiated after March 1, 1949, contracts for annual contributions shall not be made for a period exceeding forty years from the date the first annual contribution for the project is paid: *And provided further,* That in the case of such projects or any other projects with respect to which the contracts for annual contributions (including contracts which amend or supersede contracts previously made) provide for annual contributions for a period not exceeding forty years from the date the first annual contribution for the project is paid, the fixed contribution may exceed the

amount provided in the first proviso of subsection (b) of this section by 1 per centum of development or acquisition cost.

(d) All payments of annual contributions pursuant to this section shall be made out of any funds available to the Authority when such payments are due, except that its capital and its funds obtained through the issuance of obligations pursuant to section 20 (including repayments or other realizations of the principal of loans made out of such capital and funds) shall not be available for the payment of such annual contributions.

(e) [The Authority is authorized, on and after the date of the enactment of this Act, to enter into contracts which provide for annual contributions aggregating not more than \$28,000,000 per annum. With respect to projects assisted pursuant to this Act, the Authority (in addition to the amount authorized by the first sentence of this subsection) is authorized, with the approval of the President, to enter into contracts, on and after July 1, 1949, for annual contributions aggregating not more than \$85,000,000 per annum, which limit shall be increased by further amounts of \$55,000,000 on July 1 in each of the years 1950, 1951, and 1952, respectively, and by \$58,000,000 on July 1, 1953: *Provided*, That (subject to the total additional authorization of not more than \$308,000,000 per annum) such limit, and any such authorized increase therein, may be increased at any time or times by additional amounts aggregating not more than \$55,000,000 upon a determination by the President, after receiving advice from the Council of Economic Advisers as to the general effect of such increase upon conditions in the building industry and upon the national economy, that such action is in the public interest: *And provided further*, That 10 per centum of each amount of authorization to enter into contracts for annual contributions becoming available hereunder shall, for a period of three years after such amount of authorization becomes available, be available only for annual contributions contracts with respect to projects to be located in rural nonfarm areas. With respect to projects initiated after March 1, 1949, the Authority may authorize the commencement of construction of not to exceed one hundred and thirty-five thousand dwelling units after July 1, 1949, which limit shall be increased by further amounts of one hundred and thirty-five thousand dwelling units on July 1 in each of the years 1950 through and including 1954, respectively: *Provided*, That (subject to the authorization of not to exceed eight hundred and ten thousand dwelling units, such limit, and any such authorized increase therein, may be increased at any time or times by additional amounts aggregating not more than sixty-five thousand dwelling units, or may be decreased at any time or times by amounts aggregating not more than eighty-five thousand dwelling units, upon a determination by the President, after receiving advice from the Council of Economic Advisers as to the general effect of such increase or decrease upon conditions in the building industry and upon the national economy, that such action is in the public interest: *And provided further*, That contracts for annual contributions with respect to low-rent housing projects initiated after March 1, 1949, shall not provide for the commencement of construction of more than eight hundred and ten thousand dwelling units without further authorization from the Congress: *And provided further*, That in no event shall the Authority permit the commencement of construction of more than two hundred thousand dwelling units in any fiscal

year.] *The Authority is authorized to enter into contracts for annual contributions aggregating not more than \$336,000,000 per annum of which not more than 15 per centum shall be expended within any one State: Provided, That no such new contract for additional units shall be entered into after the date of approval of the Housing Act of 1961 except with respect to low-rent housing for a locality respecting which the Administrator has made the determination and certification relating to a workable program as prescribed in section 101(c) of the Housing Act of 1949, and that the Authority shall enter into only such new contracts for preliminary loans as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into.* Without further authorization from Congress, no new contracts for annual contributions beyond those herein authorized shall be entered into by the Authority. The faith of the United States is solemnly pledged to the payment of all annual contributions contracted for pursuant to this section, and there is hereby authorized to be appropriated in each fiscal year, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments.

(f) Payments under annual contributions contracts shall be pledged, if the Authority so requires, as security for any loans obtained by a public housing agency to assist the development or acquisition of the housing project to which the annual contributions relate.

[(g) Every contract made pursuant to this Act for annual contributions for any low-rent housing project shall require that the public housing agency, as among low-income families which are eligible applicants for occupancy in dwellings of given sizes and at specified rents, shall extend the following preferences in the selection of tenants:

【First, to families which are to be displaced by any low-rent housing project or by any public slum-clearance, redevelopment or urban renewal project, or through action of a public body or court, either through the enforcement of housing standards or through the demolition, closing, or improvement of dwelling units, or which were so displaced within three years prior to making application to such public housing agency for admission to any low-rent housing: *Provided, That as among such projects or actions the public housing agency may from time to time extend a prior preference or preferences: And provided further, That, as among families within any such preference group first preference shall be given to families of disabled veterans whose disability has been determined by the Veterans' Administration to be service-connected, and second preference shall be given to families of deceased veterans and servicemen whose death has been determined by the Veterans' Administration to be service-connected, and third preference shall be given to families of other veterans and servicemen;*

【Second, to families of other veterans and servicemen and as among such families first preference shall be given to families of disabled veterans whose disability has been determined by the Veterans' Administration to be service-connected, and second preference shall be given to families of deceased veterans and servicemen whose death has been determined by the Veterans' Administration to be service-connected.】

(g) *Every contract for annual contributions for any low-rent housing project shall provide that—*

(1) *the maximum income limits fixed by the public housing agency shall be subject to the prior approval of the Authority and the*

Authority may require the agency to review and revise such limits if the Authority determines that changed conditions in the locality make such revisions necessary in achieving the purposes of the Act;

(2) the public housing agency shall adopt and promulgate regulations establishing admission policies which shall give full consideration to its responsibility for the rehousing of those displaced by urban renewal or other governmental action, to the applicant's status as a serviceman or veteran or relationship to a serviceman or veteran or to a disabled serviceman or veteran, and to the applicant's age or disability, housing conditions, urgency of housing need and source of income; and

(3) the public housing agency shall determine, and so certify to the Authority, that each family in the project was admitted in accordance with duly adopted regulations and approved income limits; and the public housing agency shall make periodic reexaminations of the incomes of families living in the project and shall require any family whose income has increased beyond the approved maximum income limits for continued occupancy to move from the project unless the public housing agency determines that, due to special circumstances, the family is unable to find decent, safe, and sanitary housing within its financial reach although making every reasonable effort to do so, in which event such family may be permitted to remain for the duration of such a situation if it pays an appropriate rent.

(h) Every contract made pursuant to this Act for annual contributions for any low-rent housing project initiated after March 1, 1949, shall provide that no annual contributions by the Authority shall be made available for such project unless such project (*exclusive of any portion thereof which is not assisted by annual contributions under this Act*) is exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions, but such contract shall require the public housing agency to make payments in lieu of taxes equal to 10 per centum of the annual shelter rents charged in such project or such lesser amount as (i) is prescribed by State law, or (ii) is agreed to by the local governing body in its agreement for local cooperation with the public housing agency required under subsection 15(7)(b)(i) of this Act, or (iii) is due to failure of a local public body or bodies other than the public housing agency to perform any obligation under such agreement: *Provided*, That, if at the time such agreement for local cooperation is entered into it appears that such 10 per centum payments in lieu of taxes will not result in a contribution to the project through tax exemption by the State, city, county, or other political subdivisions in which the project is situated of at least 20 per centum of the annual contributions to be paid by the Authority, the amounts of such payments in lieu of taxes shall be limited by the agreement to amounts, if any, which would not reduce the local contribution below such 20 per centum: *Provided further*, That, with respect to any such project which is not exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions, such contract shall provide, in lieu of the requirement for tax exemption and payments in lieu of taxes, that no annual contributions by the Authority shall be made available for such project unless and until the State, city, county, or

other political subdivisions in which such project is situated shall contribute, in the form of cash or tax remission, an amount equal to the greater of (i) the amount by which the taxes paid with respect to the project exceed 10 per centum of the annual shelter rents charged in such project or (ii) 20 per centum of the annual contributions paid by the Authority (but not in excess of the taxes levied): *And provided further*, That, prior to execution of the contract for annual contributions the public housing agency shall, in the case of a tax-exempt project, notify the governing body of the locality of its estimate of the annual amount of such payments in lieu of taxes and of the amount of taxes which would be levied if the property were privately owned, or, in the case where the project is taxed, its estimate of the annual amount of the local cash contribution, and shall thereafter include the actual amounts in its annual reports. Contracts for annual contributions entered into prior to the effective date of the Housing Act of 1954 may be amended in accordance with the first sentence of this subsection.

[(i) Notwithstanding any other provision of law, the Authority may enter into new contracts for loans and annual contributions for (1) not more than such number of dwelling units as does not exceed the number of units which were covered by annual contribution contracts on the date of enactment of the Housing Act of 1959 and are not built, the contracts therefor being canceled; and (2) additional dwelling units which, together with the dwelling units covered by new contracts entered into under clause (1), do not exceed thirty-seven thousand units: *Provided*, That the Authority may enter into only such new contracts for preliminary loans as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into hereunder: *Provided further*, That no such new contract for annual contributions for additional units shall be entered into except with respect to low-rent housing for a locality respecting which the Housing and Home Finance Administrator has made the determination and certification relating to a workable program as prescribed in section 101(c) of the Housing Act of 1949, as amended: *And provided further*, That no new contracts for loans and annual contributions for additional dwelling units in excess of the number authorized in this sentence shall be entered into unless authorized by the Congress.]

*(i) Notwithstanding any other provision of law or any contract or other arrangement made pursuant thereto, any public housing agency which utilizes public services and facilities of a municipality or other local governmental agency making charges therefor separate from real and personal property taxes shall be authorized by the Authority (without any amendment to the contract for annual contributions or deductions from payments in lieu of taxes otherwise payable) to pay to such municipality or other local governmental agency the amount that would be charged private persons or dwellings similarly situated for such facilities and services.*¹

(j) Every contract made pursuant to this Act for annual contributions for any low-rent housing project for which no such contract has been entered into prior to the enactment of the Housing Act of 1954 shall provide that—

(1) after payment in full of all obligations of the public housing agency in connection with the project for which any annual

¹ The new subsection (i) shown above in italics was formerly paragraph (10) of section 15 of this act.

contributions are pledged, and until the total amount of annual contributions paid by the Authority in respect to such project has been repaid pursuant to the provisions of this subsection, (a) all receipts in connection with the project in excess of expenditures necessary for management, operation, maintenance, or financing, and for reasonable reserves therefor, shall be paid annually to the Authority and to local public bodies which have contributed to the project in the form of tax exemption or otherwise, in proportion to the aggregate contribution which the Authority and such local public bodies have made to the project, and (b) no debt in respect to the project, except for necessary expenditures for the project, shall be incurred by the public housing agency;

(2) if, at any time, the project or any part thereof is sold, such sale shall be to the highest responsible bidder after advertising, or at fair market value, and the proceeds of such sale together with any reserves, after application to any outstanding debt of the public housing agency in respect to such project, shall be paid to the Authority and local public bodies as provided in clause 1 (a) of this subsection: *Provided*, That the amounts to be paid to the Authority and the local public bodies shall not exceed their respective total contribution to the project.

(k) All expenditures of appropriations for the payment of annual contributions shall be subject to audit and final settlement by the Comptroller General of the United States under the provisions of the Budget and Accounting Act of 1921, as amended.

(l) In any community where it has been determined by resolution or ordinance, or by referendum, that a project shall be liquidated by sale thereof to private ownership, such community may negotiate with the Federal Government with respect to the sale of the project, and the Authority shall agree that sale of the project may be made after public advertisement to the highest bidder upon (1) payment and retirement of all outstanding obligations (together with any interest payable thereon and any premiums prescribed for the redemption of any bonds, notes, or other obligations prior to maturity) in connection with the project, and (2) payment of any proceeds received from the sale of the project in excess of the amounts required to comply with the requirements of the preceding clause numbered (1) to the Authority and to local public bodies in proportion to the aggregate contribution which the Authority and such local public bodies have made to the project.

[(m) For the purpose of increasing the supply of low-rent housing for elderly families, the Authority may assist the construction of new housing or the remodeling of existing housing in order to provide accommodations designed specifically for such families. Notwithstanding the provisions of subsection 10(g), any public housing agency, in respect to dwelling units suitable to the needs of elderly families, may extend a prior preference to such families and may waive the provisions of clause (ii) of section 15(8)(b) with respect to such units: *Provided*, That, as among such families, the "First" preference in subsection 10(g) shall apply.]

[CAPITAL GRANTS IN ASSISTANCE OF LOW RENTALS]

[SEC. 11. (a) As an alternative method of assistance to that provided in section 10, when any public housing agency so requests and demonstrates to the satisfaction of the Authority that such alternative method is better suited to the purpose of achieving and maintaining low rentals and to the other purposes of this Act, capital grants may be made to such agency for such purposes. The capital grants thus made for any low-rent-housing or slum-clearance project shall be paid in connection with its development or acquisition, and shall be strictly limited to the amounts necessary, in the determination of the Authority, to assure its low-rent character.

[(b) Pursuant to subsection (a) of this section, the Authority may make a capital grant for any low-rent-housing or slum-clearance project, which shall in no case exceed 25 per centum of its development or acquisition cost.

[(c) All payments of capital grants by the Authority pursuant to subsection (b) of this section shall be made out of any funds available to the Authority, except that its capital and its funds obtained through the issuance of obligations pursuant to section 20 (including repayments or other realizations of the principal of loans made out of such capital and funds) shall not be available for the payment of such capital grants.

[(d) The Authority is authorized, on or after the date of the enactment of this Act to make capital grants (pursuant to subsection (b) of this section) aggregating not more than \$10,000,000, on or after July 1, 1938, to make additional capital grants aggregating not more than \$10,000,000, and on or after July 1, 1939, to make additional capital grants aggregating not more than \$10,000,000. Without further authorization from Congress, no capital grants beyond those herein authorized shall be made by the Authority.

[(e) To supplement any capital grant made by the Authority in connection with the development of any low-rent-housing or slum-clearance project, the President may allocate to the Authority, from any funds available for the relief of unemployment, an additional capital grant to be expended for payment of labor used in such development: *Provided*, That such additional capital grant shall not exceed 15 percentum of the development cost of the low-rent-housing or slum-clearance project involved.

[(f) No capital grant pursuant to this section shall be made for any low-rent-housing or slum-clearance project unless the public housing agency receiving such capital grant shall also receive, from the State, political subdivision thereof, or otherwise, a contribution for such project (in the form of cash, land, or the value, capitalized at the going Federal rate of interest, of community facilities or services for which a charge is usually made, or tax remissions or tax exemptions) in an amount not less than 20 percentum of its development or acquisition cost.]

DEMONSTRATION PROGRAMS

SEC. 11. The Authority is authorized to make grants to public or private bodies or agencies, subject to such terms and conditions as it shall prescribe, for the purposes of developing and demonstrating new or improved means of providing housing and a suitable living environment for low income families and for obtaining maximum efficiency and economy

in the construction and management of low-rent housing. Advances and progress payments may be made, under any contract to make grants under this section, without regard to the provisions of section 3648 of the Revised Statutes, and the Administrator may waive any of the requirements of this Act to the extent he deems necessary to accomplish the purposes of this section. There is hereby authorized to be appropriated not exceeding \$10,000,000 for grants to carry out the purposes of this section, and any amount so appropriated shall remain available until expended.

* * * * *

SEC. 15. In order to insure that the low-rent character of housing projects will be preserved, and that the other purposes of this Act will be achieved, it is hereby provided that—

(1) When a loan is made pursuant to section 9 for a low-rent-housing project the Authority may retain the right, in the event of a substantial breach of the condition (which shall be embodied in the loan agreement) providing for the maintenance of the low-rent character of the housing project involved or in the event of the acquisition of such project by a third party in any manner including a bona-fide foreclosure under a mortgage or other lien held by a third party, to increase the interest payable thereafter on the balance of said loan then held by the Authority to a rate not in excess of the going Federal rate (at the time of such breach or acquisition) plus 2 per centum per annum or to declare the unpaid principal on said loan due forthwith.

(2) When a loan is made pursuant to section 9 for a slum-clearance project the Authority shall retain the right, in the event of the leasing or acquisition of such project by a third party in any manner including a bona-fide foreclosure under a mortgage or other lien held by a third party, to increase the interest payable thereafter on the balance of said loan then held by the Authority to a rate not in excess of the going Federal rate (at the time of such leasing or acquisition) plus 2 per centum per annum or to declare the unpaid principal on said loan due forthwith.

(3) When a contract for annual contributions is made pursuant to section 10, the Authority shall retain the right, in the event of a substantial breach of the condition (which shall be embodied in such contract) providing for the maintenance of the low-rent character of the housing project involved, to reduce or terminate the annual contributions payable under such contract. In the event of the acquisition of such project by a third party in any manner including a bona-fide foreclosure under a mortgage or other lien held by a third party, such annual contribution shall terminate.

(4) The Authority may also insert in any contract for loans, annual contributions, capital grants, sale, lease, mortgage, or any other agreement or instrument made pursuant to this Act, such other covenants, conditions, or provisions as it may deem necessary in order to insure the low-rent character of the housing project involved: *Provided*, That any such contract for a substantial loan may contain a condition requiring the maintenance of an open space or playground in connection with the housing project involved if deemed necessary by the Authority for the safety or health of children.

(5) Every contract made pursuant to this Act for loans (other than preliminary loans), annual contributions, or capital grants for any low-rent housing project completed after January 1, 1948, shall provide that the cost for construction and equipment of such project (exclud-

ing land, demolition, and nondwelling facilities) *on which the computation of any annual contributions under this Act may be based* shall not exceed \$2,000 per room (\$2,500 per room in the case of Alaska or \$3,000 in the case of accommodations designed specifically for elderly families): *Provided*, That if the Administrator finds that in the geographical area of any project (i) it is not feasible under the aforesaid cost limitations to construct the project without sacrifice of sound standards of construction, design, and livability, and (ii) there is an acute need for such housing, he may prescribe in such contract cost limitations which may exceed by not more than \$750 per room the limitations that would otherwise be applicable to such project hereunder. Every contract made pursuant to this Act for loans (other than preliminary loans), annual contributions, or capital grants with respect to any low-rent housing project initiated after March 1, 1949, shall provide that such project shall be undertaken in such a manner that it will not be of elaborate or extravagant design or materials, and economy will be promoted both in construction and administration. In order to attain the foregoing objective, every such contract shall provide that no award of the main construction contract for such project shall be made unless the Authority, taking into account the level of construction costs prevailing in the locality where such project is to be located, shall have specifically approved the amount of such main construction contract. Every contract made pursuant to this Act for loans, annual contributions, or capital grants, with respect to a project for which the preparation of plans, drawings, and specifications has not been started or contracted for prior to the date of enactment of the Housing Act of 1957, shall require that such plans, drawings, and specifications follow the principle of modular measure in every case deemed feasible by the public housing agency, in order that the housing may be built by conventional construction, on-site fabrication, factory pre-cutting, factory fabrication, or any combination of these construction methods.

[(6) Notwithstanding the provisions of subsection (5) of this section, or of any other section of this Act, the Authority is authorized to make capital grants, loans, or annual contributions for low-rent-housing or slum-clearance projects, in the full amount of any sums previously allocated pursuant to this Act, to any public housing agency, at the request of such agency, upon condition that such agency will pay, or cause to be paid by the State or political subdivision, such proportion of the total development cost of the project as the amount of the average actual cost per family dwelling unit of the items covered by the applicable cost limitations prescribed in subsection (5) of this section in excess thereof bears to such average actual cost: *Provided*, That the amount of any such payment shall be excluded from the base on which the maximum amount of any capital grants, loans, or annual contributions authorized by this Act are calculated. The receipt of capital grants, loans, or annual contributions by any public-housing agency pursuant to this subsection shall in no way prejudice or impair the rights or privileges of such agency to participate fully in other low-rent-housing or slum-clearance projects under this Act or any other law. Nothing in this subsection shall prejudice the right of those public housing agencies which can, by reason of lesser need, or would prefer to delay the starting of their proposed building operations until labor

and material costs stabilize at levels consistent with the cost limitations prescribed in subsection (5) of this section.】

(6) *Any contract for loans or annual contributions, or both, entered into by the Authority with a public housing agency, may cover one or more than one low-rent housing project owned by said public housing agency; in the event such contract covers two or more projects, such projects may, for any of the purposes of this Act and of such contract (including, but not limited to, the determination of the amount of the loan, annual contributions, or payments in lieu of taxes, specified in such contract), be treated collectively as one project.*²

(7) In recognition that there should be local determination of the need for low-rent housing to meet needs not being adequately met by private enterprise—

(a) The Authority shall not make any contract with a public housing agency for preliminary loans (all of which shall be repaid out of any moneys which become available to such agency for the development of the projects involved) for surveys and planning in respect to any low-rent housing projects initiated after March 1, 1949, (i) unless the governing body of the locality involved has by resolution approved the application of the public housing agency for such preliminary loan; and (ii) unless the public housing agency has demonstrated to the satisfaction of the Authority that there is a need for such low-rent housing which is not being met by private enterprise; and

(b) the Authority shall not make any contract for loans (other than preliminary loans) or for annual contributions pursuant to this Act with respect to any low-rent housing project initiated after March 1, 1949, (i) unless the governing body of the locality involved has entered into an agreement with the public housing agency providing for the local cooperation required by the Authority pursuant to this Act; and (ii) unless the public housing agency has demonstrated to the satisfaction of the Authority that a gap of at least 20 per centum (or 5 per centum in the case of any family 【entitled to a first preference as provided in section 10 (g)】 *displaced by urban renewal or other governmental action*) has been left between the upper rental limits for admission to the proposed low-rent housing and the lowest rents at which private enterprise unaided by public subsidy is providing (through new construction and available existing structures) a substantial supply of decent, safe, and sanitary housing toward meeting the need of an adequate volume thereof.

【(8) Every contract made pursuant to this Act for annual contributions for any low-rent housing project initiated after March 1, 1949, shall provide that—

【(a) the public housing agency shall fix maximum income limits for the admission and for the continued occupancy of families in such housing, that such maximum income limits and all revisions thereof shall be subject to the prior approval of the Authority, and that the Authority may require the public housing agency to review and to revise such maximum income limits if the Authority determines that changed conditions in the locality make such revisions necessary in achieving the purposes of this Act;

² The new paragraph (6) shown above in italics was formerly paragraph (9) of section 15 of this Act.

[(b) a duly authorized official of the public housing agency involved shall make periodic written statements to the Authority that an investigation has been made of each family admitted to the low-rent housing project involved during the period covered thereby, and that, on the basis of the report of said investigation, he has found that each such family at the time of its admission (i) had a net family income not exceeding the maximum income limits theretofore fixed by the public housing agency (and approved by the Authority) for admission of families of low income so such housing; and (ii) lived in an unsafe, insanitary, or overcrowded dwelling, or was to be displaced by any low-rent housing project or by any public slum-clearance, redevelopment or urban renewal project, or through action of a public body or court, either through the enforcement of housing standards or through the demolition, closing, or improvement of a dwelling unit or units, or actually was without housing, or was about to be without housing as a result of a court order of eviction, due to causes other than the fault of the tenant: *Provided*, That the requirement in (ii) shall not be applicable in the case of the family of any veteran or serviceman (or of any deceased veteran or serviceman) where application for admission to such housing is made not later than October 1, 1961;

[(c) in the selection of tenants (i) the public housing agency shall not discriminate against families, otherwise eligible for admission to such housing, because their incomes are derived in whole or in part from public assistance and (ii) in initially selecting families for admission to dwellings of given sizes and at specified rents the public housing agency shall (subject to the preferences prescribed in subsection 10(g) of this Act) give preference to families having the most urgent housing needs, and thereafter, in selecting families for admission to such dwellings, shall give due consideration to the urgency of the families' housing needs; and

[(d) the public housing agency shall make periodic reexaminations of the net incomes of tenant families living in the low-rent housing project involved; and if it is found, upon such reexamination, that the net incomes of any such families have increased beyond the maximum income limits fixed by the public housing agency (and approved by the Authority) for continued occupancy in such housing, such families shall be required to move from the project.

[(9) Any contract for loans or annual contributions, or both, entered into by the Authority with a public housing agency, may cover one or more than one low-rent housing project owned by said public housing agency; in the event such contract covers two or more projects, such projects may, for any of the purposes of this Act and of such contract (including, but not limited to, the determination of the amount of the loan, annual contributions, or payments in lieu of taxes, specified in such contract), be treated collectively as one project.³

[(10) Notwithstanding any other provision of law or any contract or other arrangement made pursuant thereto, any public housing agency which utilizes public services and facilities of a municipality

³ This paragraph in effect has not been repealed, but merely redesignated as paragraph (6) of this section. See footnote 2.

or other local governmental agency making charges therefor separate from real and personal property taxes shall be authorized by the Authority (without any amendment to the contract for annual contributions or deductions from payments in lieu of taxes otherwise payable) to pay to such municipality or other local governmental agency the amount that would be charged private persons or dwellings similarly situated for such facilities and services.】⁴

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SEC. 21. (a) * * *

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【(d) Not more than 15 per centum of the total annual amount of \$336,000,000 provided in this Act for annual contributions, nor more than 15 per centum of the amounts provided for in this Act for grants, shall be expended within any one State.】

SECTION 502 OF THE HOUSING ACT OF 1948

TITLE V—ADMINISTRATIVE AND MISCELLANEOUS PROVISIONS

* * * * *

SEC. 502. In carrying out their respective functions, powers, and duties—

(a) The Housing and Home Finance Administrator may appoint such officers and employees as he may find necessary, which appointments shall be subject to the civil-service laws and the Classification Act of 1923, as amended. The Administrator may make such expenditures as may be necessary to carry out his functions, powers, and duties, and there are hereby authorized to be appropriated to the Administrator, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary to carry out such functions, powers, and duties and for administrative expenses in connection therewith. The Administrator, without in any way relieving himself from final responsibility, may delegate any of his functions and powers to such officers, agents, or employees as he may designate, may authorize such successive redelegations of such functions and powers, as he may deem desirable, and may make such rules and regulations as may be necessary to carry out his functions, powers, and duties. The Administrator shall cause to be prepared for the Housing and Home Finance Agency an official seal of such device as he shall approve, and judicial notice shall be taken of said seal. * * *

(b) The Public Housing Administration shall sue and be sued only with respect to its functions under the United States Housing Act of 1937, as amended, and title II of Public Law 671, Seventy-sixth Congress, approved June 28, 1940, as amended. The Public Housing Commissioner may appoint such officers and employees as he may find necessary, which appointments, notwithstanding the provisions of any other law, shall hereafter be made hereunder, and shall be subject to the civil-service laws and the Classification Act of 1923, as amended; delegate any of his functions and powers to such officers, agents, or

⁴ This paragraph in effect has not been repealed, but merely redesignated as subsection (i) of section 10. See footnote 1.

employees of the Public Housing Administration as he may designate; and make such rules and regulations as he may find necessary to carry out his functions, powers, and duties. Funds made available for carrying out the functions, powers, and duties of the Administration (including appropriations therefor, which are hereby authorized) shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Administration. Notwithstanding any other provisions of law except provisions of law hereafter enacted expressly in limitation hereof, the Public Housing Administration, or any State or local public agency administering a low-rent housing project assisted pursuant to the United States Housing Act of 1937 or title II of Public Law 671, Seventy-sixth Congress, approved June 28, 1940, shall continue to have the right to maintain an action or proceeding to recover possession of any housing accommodations operated by it where such action is authorized by the statute or regulations under which such housing accommodations are administered, and, in determining net income for the purposes of tenant eligibility with respect to low-rent housing projects assisted pursuant to said Acts, the Public Housing Administration is authorized, where it finds such action equitable and in the public interest, to exclude amounts or portions thereof paid by the United States Government for disability or death occurring in connection with military service.

* * * * *

(c) The Housing and Home Finance Administrator, the Home Loan Bank Board (which term as used in this section shall also include and refer to the Federal Savings and Loan Insurance Corporation, the Home Owners' Loan Corporation, and the Chairman of the Home Loan Bank Board), the Federal Housing Commissioner, and the Public Housing Commissioner, respectively, may, in addition to and not in derogation of any powers and authorities conferred elsewhere in this Act—

(1) with the consent of the agency or organization concerned, accept and utilize equipment, facilities, or the services of employees of any State or local public agency or instrumentality, educational institution, or nonprofit agency or organization and, in connection with the utilization of such services, may make payments for transportation while away from their homes or regular places of business and per diem in lieu of subsistence en route and at place of such service, in accordance with the provisions of 5 U.S.C. 73b-2;

(2) utilize, contract with, and act through, without regard to section 3709, of the Revised Statutes, any Federal, State, or local public agency or instrumentality, educational institution, or nonprofit agency or organization with the consent of the agency or organization concerned, and any funds available to said officers for carrying out their respective functions, powers, and duties shall be available to reimburse or pay any such agency or organization; and, whenever in the judgment of any such officer necessary, he may make advance, progress, or other payments with respect to such contracts without regard to the provisions of section 3648 of the Revised Statutes;

(3) make expenditures for all necessary expenses, including preparation, mounting, shipping, and installation of exhibits; pur-

chase and exchange of technical apparatus; and such other expenses as may, from time to time, be found necessary in carrying out their respective functions, powers, and duties: **[Provided,** That the provisions of section 3709 of the Revised Statutes shall not apply to any purchase or contract by said officers (or their agencies), respectively, for services or supplies if the amount thereof does not exceed * * * **[\$500]**⁵: **And provided further,]** *Provided,* That funds made available for administrative expenses in carrying out the functions, powers, and duties imposed upon the Housing and Home Finance Administrator, the Home Loan Bank Board,² the Federal Housing Commissioner, and the Public Housing Commissioner, respectively, by or pursuant to law may at their option be consolidated into single administrative expense fund accounts of said officers or agencies for expenditure by them, respectively, in accordance with the provisions hereof.

(d) The Housing and Home Finance Administrator, the Federal Housing Commissioner, and the Public Housing Commissioner, respectively, may utilize funds made available to them for salaries and expenses for payment in advance for dues or fees for library memberships in organizations (or for membership of the individual librarians of the respective agencies in organizations which will not accept library membership) whose publications are available to members only, or to members at a price lower than to the general public, and for payment in advance for publications available only upon that basis or available at a reduced price on prepublication order.

HOUSING ACT OF 1949

LOCAL RESPONSIBILITIES

Section. 101. (a) * * *

* * * * *

(c) No contract shall be entered into for any loan or capital grant under this title, or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, for any project or projects not constructed or covered by a contract for annual contribution prior to August 1, 1956, and no mortgage shall be insured, and no commitment to insure a mortgage shall be issue l, under section 220 or **[221]** *section 221(d)(3)* of the National Housing Act, as amended, unless (1) there is presented to the Administrator by the locality a workable program (which shall include an official plan of action, as it exists from time to time, for effectively dealing with the problem of urban slums and blight within the community and for the establishment and preservation of a well-planned community with well-organized residential neighborhoods of decent homes and suitable living environment for adequate family life) for utilizing appropriate private and public resources to eliminate, and prevent the development or spread of, slums and urban blight, to encourage needed urban rehabilitation, to provide for the redevelopment of blighted, deteriorated, or slum areas, or to undertake such of the aforesaid activities or other feasible community activities as may be suitably employed

⁵ Originally \$300, but increased to \$500 as result of section 502(e) of Public Law 152, 81st Congress, Federal Property and Administrative Services Act of 1949, approved June 30, 1949, 63 Stat. 377.

to achieve the objectives of such a program, and (2) on the basis of his review of such program, the Administrator determines that such program meets the requirements of this subsection and certifies to the constituent agencies affected that the Federal assistance may be made available in such community: *Provided*, That this sentence shall not apply to the insurance of, or commitment to insure, a mortgage under section 220 of the National Housing Act, as amended, if the mortgaged property is in an area referred to in clause (A)(i) of paragraph (1) of section 220(d) [, or under section 221] of the National Housing Act [, as amended, if the mortgaged property is in an area described in clause (3) of section 221(a) of said Act, or in a community referred to in clause (2)(B) of said section]: *And provided further*, That, notwithstanding any other provisions of law which would authorize such delegation or transfer, there shall not be delegated or transferred to any other official (except an officer or employee of the Housing and Home Finance Agency serving as Acting Administrator during the absence or disability of the Administrator or in the event of a vacancy in that office) the final authority vested in the Administrator (i) to determine whether any such workable program meets the requirements of this subsection, (ii) to make the certification that Federal assistance of the types enumerated in this subsection may be made available in such community, [(iii) to make the certifications as to the maximum number of dwelling units needed for the relocation of families to be displaced as a result of governmental action and who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance under section 221 of the National Housing Act, as amended,] or [(iv)] (iii) to determine that the relocation requirements of section 105(c) of this title have been met.

(d) The Administrator is authorized to establish facilities (1) for furnishing to communities, at their request, an urban renewal service to assist them in the preparation of a workable program as referred to in the preceding subsection and to provide them with technical and professional assistance for planning and developing local urban renewal programs, and (2) for the assembly, analysis and reporting of information pertaining to such programs.

* * * * *

CAPITAL GRANTS

SEC. 103. (a) The Administrator may make capital grants to local public agencies in accordance with the provisions of this title for urban renewal projects: *Provided*, That the Administrator shall not make any contract for capital grant with respect to a project which consists of open land. [The aggregate of such capital grants with respect to all the projects of a local public agency on which contracts for capital grants have been made under this title, exclusive of projects referred to in the proviso hereto, shall not exceed two-thirds of the aggregate of the net project costs of such nonexcluded projects: *Provided*, That the aggregate of such capital grants may exceed two-thirds but not three-fourths of the aggregate net project costs of those projects which the Administrator, at the request of a local public agency may approve on such a three-fourths capital grant basis.] *The aggregate of such capital grants with respect to all the projects of a local public agency (or of two or more local public agencies in the same municipality)*

on which contracts for capital grants have been made under this title shall not exceed the total of two-thirds of the aggregate net project costs of such projects undertaken on a two-thirds capital grant basis and three-fourths of the aggregate net project costs of such projects which the Administrator, upon request, may approve on a three-fourths capital grant basis. A capital grant with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project.

(b) The Administrator **[**, on and after July 1, 1949,**]** may, with the approval of the President, contract to make grants under this title aggregating not to exceed **[\$1,350,000,000**, which limit shall be increased by \$350,000,000 on the date of enactment of the Housing Act of 1959, and by \$300,000,000 on July 1, 1960.**]** *\$4,500,000,000.* The faith of the United States is solemnly pledged to the payment of all grants contracted for under this title, and there are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments: *Provided*, That any amounts so appropriated shall also be available for repaying to the Secretary of the Treasury, for application to notes of the Administrator, the principal amounts of any funds advanced to local public agencies under this title which the Administrator determines to be uncollectible because of the termination of activities for which such advances were made, together with the interest paid or accrued to the Secretary (as determined by him) attributable to notes given by the Administrator in connection with such advances, but all such repayments shall constitute a charge against the authorization to make contracts for grants contained in this section: *Provided, further*, That no such determination of the Administrator shall be construed to prejudice the rights of the United States with respect to any such advance.

* * * * *

REQUIREMENTS FOR LOCAL GRANTS-IN-AID

SEC. 104. Every contract for capital grants under this title shall require local grants-in-aid in connection with the project involved. **[**Such local grants-in-aid, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency on which contracts for capital grants have theretofore been made, shall not be required in excess of one-third of the aggregate net project costs of all projects of the local public agency on which contracts for capital grants have been made on the two-thirds basis, or in excess of one-fourth of the aggregate net project costs of all projects of the local public agency on which contracts for capital grants have been made on the three-fourths basis.**]** *Such local grants-in-aid, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency (or two or more local public agencies in the same municipality) on which contracts for capital grants have theretofore been made, shall be at least equal to the total of one-third of the aggregate net project costs of such projects undertaken on a two-thirds capital grant basis and one-fourth of the aggregate net project costs of such projects undertaken on a three-fourths capital grant basis.*

* * * * *

GENERAL PROVISIONS

SEC. 106. (a) * * *

* * * * *

(f) (1) Notwithstanding any other provision of this title, an urban renewal project respecting which a contract for a capital grant is executed under this title may include the making of relocation payments (as defined in paragraph (2)); and such contract shall provide that the capital grant otherwise payable under this title shall be increased by an amount equal to such relocation payments and, *except as hereinafter provided*, that no part of the amount of such relocation payments shall be required to be contributed as part of the local grant-in-aid.

(2) As used in this subsection, the term "relocation payments" means payments by a local public agency to individuals, families, and business concerns for their reasonable and necessary moving expenses and any actual direct losses of property except goodwill or profit (which are incurred on and after August 7, 1956, and for which reimbursement or compensation is not otherwise made) resulting from their displacement from an urban renewal area made necessary by (i) the acquisition of real property by a local public agency or by any other public body, (ii) code enforcement activities undertaken in connection with an urban renewal project, or (iii) a program of voluntary rehabilitation of buildings or other improvements in accordance with an urban renewal plan: *Provided*, That such payments shall not be made after completion of the project or if completion is deferred solely for the purpose of obtaining further relocation payments. Such payments shall be made subject to such rules and regulations as may be prescribed by the Administrator, and shall not exceed \$200 in the case of an individual or family, or \$3,000 in the case of a business concern: *Provided*, *That the latter amount may be increased whenever the Administrator determines it to be necessary to compensate any business concern for reasonable and necessary moving expenses and actual direct losses of property, but any sums paid hereunder in excess of the \$3,000 maximum shall be included in gross project cost.* [Such rules and regulations may include provisions authorizing payment to individuals and families of fixed amounts (not to exceed \$200 in any case) in lieu of their respective reasonable and necessary moving expenses.] *Payment to individuals and families of fixed amounts (not to exceed \$200 in any case) may be made in lieu of their respective reasonable and necessary moving expenses and actual direct losses of property. All payments under this subsection shall be subject to such rules, regulations, and limitations as may be prescribed by the Administrator.*

(3) Any contract with a local public agency which was executed under this title before the date of the enactment of the Housing Act of 1956 may be amended to provide for payments under this subsection for expenses and losses incurred on or after such date.

[(g) No provision permitting the new construction of hotels or other housing for transient use in the redevelopment of any urban renewal area under this title shall be included in the urban renewal plan unless the community in which the project is located, under regulations prescribed by the Administrator, has caused to be made a competent independent analysis of the local supply of transient housing and as a result thereof has determined that there exists in the area a need for additional units of such housing.]

**[PAYMENT FOR LAND USED FOR LOW-RENT PUBLIC HOUSING] PROPERTY
TO BE USED FOR PUBLIC HOUSING OR HOUSING FOR MODERATE INCOME
FAMILIES**

SEC. 107. (a) When it appears in the public interest that land to be acquired as part of an urban renewal project should be used in whole or in part as a site for a low-rent housing project assisted under the United States Housing Act of 1937, as amended, or under a State or local program found by the Administrator to have the same general purposes as the Federal program under such Act, the site shall be made available to the public housing agency undertaking the low-rent housing project at a price equal to the fair value of land to a private redeveloper who wants to buy a site in the community for private rental housing with physical characteristics similar to those of the proposed low-rent housing project, and such amount shall be included as part of the development cost of such low-rent housing project: *Provided*, That the local contribution in the form of tax exemption or tax remission required by section 10(h) of such Act, or by analogous provisions in legislation authorizing such State or local program, with respect to the low-rent housing project into which such land is incorporated shall (if covered by a contract which, in the determination of the Public Housing Commissioner, and without regard to the requirements of the first proviso of such section 10(h), will assure that such local contribution will be made during the entire period that the project is used as low-rent housing within the meaning of such Act, or by provisions found by the Administrator to give equivalent assurance in the case of State or local programs), be accepted as a local grant-in-aid equal in amount, as determined by the Administrator, to one-half (or one-third in the case of an urban renewal project on a three-fourths capital grant basis) of the difference between the cost of such site (including costs of land, clearance, site improvements, and a share, prorated on an area basis, of administrative, interest, and other projects costs) and its sales price, and shall be considered a local grant-in-aid furnished in a form other than cash within the meaning of section 110(d) of this Act.

(b) *Upon approval of the Administrator and subject to such conditions as he may determine to be in the public interest, any real property held as part of an urban renewal project may be made available to a limited dividend corporation, nonprofit corporation or association, cooperative, or public body or agency for purchase at fair value for use by such purchaser in the provision of new or rehabilitated rental or cooperative housing for occupancy by families of moderate income.*

* * * * *

DEFINITIONS

SEC. 110. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

(a) "Urban renewal area" means a slum area or a blighted, deteriorated, or deteriorating area in the locality involved which the Administrator approves as appropriate for an urban renewal project.

(b) "Urban renewal plan" means a plan, as it exists from time to time, for an urban renewal project, which plan (1) shall conform to

the general plan of the locality as a whole and to the workable program referred to in section 101 hereof and shall be consistent with definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements; and (2) shall be sufficiently complete to indicate, to the extent required by the Administrator for the making of loans and grants under this title, such land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the urban renewal area, zoning and planning changes, if any, land uses, maximum densities, and building requirements.

(c) "Urban renewal project" or "project" may include undertakings and activities of a local public agency in an urban renewal area for the elimination and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof, in accordance with such urban renewal plan. Such undertakings and activities may include—

(1) acquisition of (i) a slum area or a deteriorated or deteriorating area, or (ii) land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community, or (iii) open land necessary for sound community growth which is to be developed for predominantly residential uses: *Provided*, That the requirement in paragraph (a) of this section that the area be a slum area or a blighted, deteriorated or deteriorating area shall not be applicable in the case of an open land project;

(2) demolition and removal of buildings and improvements;

(3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the urban renewal area the urban renewal objectives of this title in accordance with the urban renewal plan;

(4) disposition of any property acquired in the urban renewal area (including sale, [initial] leasing or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan or *as provided in section 107*;

(5) carrying out plans for a program of voluntary repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan; [and]

(6) acquisition of any other real property in the urban renewal area where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or otherwise to remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities [.] and

(7) *acquisition and repair or rehabilitation for guidance purposes and resale by the local public agency of dwelling units which are located in the urban renewal area and which, under the urban renewal plan, are to be repaired or rehabilitated.*

For the purposes of this title, the term "project" shall not include (*except as provided in paragraph (7) above*) the construction or improvement of any building, and the term "redevelopment" and derivatives

thereof shall mean development as well as redevelopment. For any of the purposes of section 109 hereof, the term "project" shall not include any donations or provisions made as local grants-in-aid and eligible as such pursuant to clauses (2) and (3) of section 110(d) hereof.

Financial assistance shall not be extended under this title with respect to any urban renewal area which is not predominantly residential in character and which, under the urban renewal plan therefor, is not to be redeveloped for predominantly residential uses: *Provided*, That, if the governing body of the local public agency determines that the redevelopment of such an area for predominantly nonresidential uses is necessary for the proper development of the community, the Administrator may extend financial assistance under this title for such a project: *Provided further*, That the aggregate amount of capital grants contracted to be made pursuant to this title with respect to such projects after the date of the enactment of the Housing Act of [1959] 1961 shall not exceed [20] 30 per centum of the aggregate amount of grants authorized by this title to be contracted for after such date.

In addition to all other powers hereunder vested, where land within the purview of clause (1)(ii) or (1)(iii) of the first paragraph of this subsection (whether it be predominantly residential or nonresidential in character) is to be redeveloped for predominantly nonresidential uses, loans and advances under this title may be extended therefor if the governing body of the local public agency determines that such redevelopment for predominantly nonresidential uses is necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives and to afford maximum opportunity for the redevelopment of the project area by private enterprise: *Provided*, That loans and outstanding advances to any local public agency pursuant to the authorization of this sentence shall not exceed 2½ per centum of the estimated gross project costs of the projects undertaken under other contracts with such local public agency pursuant to this title.

* * * * * *

(e) "Gross project cost" shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the project (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) the amount of such local grants-in-aid as are furnished in forms other than cash. There may be included as part of the gross project cost, under any contract for loan or grant heretofore, or hereafter executed under this title, with respect to moneys of the local public agency which are actually expended and outstanding for undertakings (other than in the form of local grants-in-aid) necessary to carry out the project, in the absence of carrying charges on such moneys, an amount in lieu of carrying charges which might otherwise have been payable thereon for the period such moneys are expended and outstanding but not beyond the point where the project is completed, computed for each six-month period or portion thereof, at an interest rate to be determined by the Administrator after taking into consideration for each preceding six-month period the average

interest rate borne by any obligations of local public agencies for short-term funds obtained from sources other than the Federal Government in the manner provided in section 102(c): *Provided*, That such amount may be computed on the net total of all such months of the local public agency remaining expended and outstanding, less other moneys received from the project undertaken in excess of project expenditures, in all projects of the local public agency under this title and allocated, as the Administrator may determine to each of such projects. With respect to a project for which a contract for capital grant has been executed on a three-fourths basis pursuant to [the proviso in the second sentence of] section 103(a), gross project cost shall include, in lieu of the amount specified in clause (1) above, the amount of the expenditures by the local public agency with respect to the following undertakings and activities necessary to carry out such project:

(i) acquisition of land (but only to the extent of the consideration paid to the owner and not title, appraisal, negotiating, legal, or any other expenditures of the local public agency incidental to acquiring land), disposition of land, demolition and removal of buildings and improvements, and site preparation and improvements, all as provided in paragraphs (1), (2), (3), (4), and (6) of subsection (c); [and]

(ii) the payment of carrying charges related to the undertakings in clause (i) (including amounts in lieu of carrying charges as determined above), exclusive of taxes and payments in lieu of taxes, but not beyond the point where such project is completed; and

(iii) *relocation payments, if made pursuant to the second proviso in paragraph (2) of section 106(f) hereof.*

but not the cost of any other undertakings and activities (including, but without being limited to, the cost of surveys and plans, legal services of any kind, and all administrative and overhead expenses of the local public agency) with respect to such project. Where real property in the project area is acquired and is owned as part of the project by the local public agency and such property is not subject to ad valorem taxes by reason of its ownership by the local public agency and payments in lieu of taxes are not made on account of such property, there may (with respect to any project for which a contract of Federal assistance under this title is in force or is hereafter executed, other than a project on which a contract for capital grant is made on a three-fourths basis pursuant to the proviso in the second sentence of section 103(a)) be included, at the discretion of the Administrator, in gross project cost an amount equal to the ad valorem taxes which would have been levied upon such property if it had been subject to ad valorem taxes, but in all cases prorated for the period during which such property is owned by the local public agency as part of the project, and such amount shall also be considered a cash local grant-in-aid within the purview of section 110(d) hereof. Such amount, and the amount of taxes or payments in lieu of taxes included in gross project cost, shall be subject to the approval of the Administrator and such rules, regulations, limitations, and conditions as he may prescribe.

* * * * *

URBAN RENEWAL AREAS INVOLVING COLLEGES OR UNIVERSITIES

SEC. 112. In any case where an educational institution is located in or near an urban renewal project area and the governing body of the locality determines that, in addition to the elimination of slums and blight from such area, the undertaking of an urban renewal project in such area will further promote the public welfare and the proper development of the community (1) by making land in such area available for disposition, for uses in accordance with the urban renewal plan, to such educational institution for redevelopment in accordance with the use or uses specified in the urban renewal plan, (2) by providing, through the redevelopment of the area in accordance with the urban renewal plan, a cohesive neighborhood environment compatible with the functions and needs of such educational institution, or (3) by any combination of the foregoing, the Administrator is authorized to extend financial assistance under this title for an urban renewal project in such area without regard to the requirements in section 110 hereof with respect to the predominantly residential character or predominantly residential reuse of urban renewal areas [*Provided*, That the aggregate expenditures made by such institution (directly or through a private redevelopment corporation) for the acquisition (from others than the local public agency), within, adjacent to, or in the immediate vicinity of the project area, of land, buildings, and structures to be redeveloped or rehabilitated by such institution for educational uses in accordance with the urban renewal plan (or with a development plan proposed by such institution or corporation, found acceptable by the Administrator after considering the standards specified in section 110(b), and approved under State or local law after public hearing), and for the demolition of such buildings and structures (including expenditures to assist in relocating tenants therefrom), if, pursuant to such urban renewal or development plan, the land is to be cleared and redeveloped, as certified by such institution to the local public agency and approved by the Administrator, shall be a local grant-in-aid in connection with such urban renewal project: *Provided further*, That no such expenditures shall be deemed ineligible as a local grant-in-aid in connection with any such project if made not more than five years prior to the authorization by the Administrator of a contract for a loan or capital grant for such urban renewal project: *And provided further*, That the term "educational institution" as used herein shall mean any educational institution of higher learning, including any public educational institution or any private educational institution, no part of the net earnings of which shall inure to the benefit of any private shareholder or individual.] *The aggregate expenditures made by such institution (directly or through a private redevelopment corporation or a municipal or other public corporation) for the acquisition within, adjacent to, or in the immediate vicinity of the project area, of land, buildings and structures to be redeveloped or rehabilitated by such institution for educational uses in accordance with the urban renewal plan (or with a development plan proposed by such institution or corporation, found acceptable by the Administrator after considering the standards specified in section 110(b), and approved under State or local law after public hearing), and for the demolition of such buildings and structures if, pursuant to such urban renewal or development plan, the land is to be cleared and redeveloped, and for the relocation of occupants from buildings and structures*

to be demolished or rehabilitated, as certified by such institution to the local public agency and approved by the Administrator, shall be a local grant-in-aid in connection with such urban renewal project: Provided, That no such expenditures shall be deemed ineligible as a local grant-in-aid in connection with any such project if made not more than five years prior to the authorization by the Administrator of a contract for a loan or capital grant for such urban renewal project: Provided further, That no such expenditure shall be eligible as a grant-in-aid in any case where the property involved is acquired by such educational institution from a local public agency which, in connection with its acquisition or disposition of such property, has received, or contracted to receive, a capital grant pursuant to this title: And provided further, That the aggregate expenditures made by any public authority, established by any State, for acquisition, demolition, and relocation in connection with land, buildings and structures acquired by such public authority and leased to an educational institution for educational uses shall be deemed a local grant-in-aid to the same extent as if such expenditures had been made directly by such educational institution. The term 'educational institution' as used herein shall mean any educational institution of higher learning, including any public educational institution or any private educational institution, no part of the net earnings of which shall inure to the benefit of any private shareholder or individual.

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LOANS FOR HOUSING AND BUILDINGS ON ADEQUATE FARMS

SEC. 502. (a) If the Secretary determines that an applicant is eligible for assistance as provided in section 501 and that the applicant has the ability to repay in full the sum to be loaned, with interest, giving due consideration to the income and earning capacity of the applicant and his family from the farm and other sources, and the maintenance of a reasonable standard of living for the owner and the occupants of said farm, a loan may be made by the Secretary to said applicant for a period of not to exceed thirty-three years from the making of the loan with interest at a rate not to exceed 4 per centum per annum on the unpaid balance of principal.

(b) The instruments under which the loan is made and the security given shall—

(1) provide for security upon the applicant's equity in the farm [and such additional] or such other security or collateral, if any, as may be found necessary by the Secretary reasonably to assure repayment of the indebtedness;

(2) provide for the repayment of principal and interest in accordance with schedules and repayment plans prescribed by the Secretary;

(3) contain the agreement of the borrower that he will, at the request of the Secretary, proceed with diligence to refinance the balance of the indebtedness through cooperative or other responsible private credit sources whenever the Secretary determines, in the light of the borrower's circumstances, including his earning capacity and the income from the farm, that he is able to do so upon reasonable terms and conditions;

(4) be in such form and contain such covenants as the Secretary shall prescribe to secure the payment of the loan with interest,

protect the security, and assure that the farm will be maintained in repair and that waste and exhaustion of the farm will be prevented.

LOAN FUNDS

SEC. 511. The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury for the purpose of making loans under this subchapter (other than loans under section 504(b)). The total principal amount of such notes and obligations issued pursuant to this section during the period beginning July 1, 1956, and ending June 30, [1961] 1966, shall not exceed \$450,000,000. The notes and obligations issued by the Secretary shall be secured by the obligations of borrowers and the Secretary's commitments to make contributions under this subchapter and shall be repaid from the payment of principal and interest on the obligations of the borrowers and from funds appropriated hereunder. The notes and other obligations issued by the Secretary shall be in such forms and denominations, shall have such maturities, and shall be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes or obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the notes or obligations by the Secretary. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Secretary issued hereunder and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act are extended to include any purchases of such obligations. The Secretary of the Treasury may at any time sell any of the notes or obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or obligations shall be treated as public debt transactions of the United States.

CONTRIBUTIONS

SEC. 512. In connection with loans made pursuant to section 503 the Secretary is authorized to make commitments for contributions aggregating not to exceed \$10,000,000 during the period beginning July 1, 1956, and ending June 30, [1961] 1966.

SEC. 513. There is authorized to be appropriated to the Secretary (a) such sums as may be necessary to meet payments on notes or other obligations issued by the Secretary under section 511 equal to (i) the aggregate of the contributions made by the Secretary in the form of credits on principal due on loans made pursuant to section 503, and (ii) the interest due on a similar sum represented by notes or other obligations issued by the Secretary; (b) not to exceed \$50,000,000 for grants pursuant to section 504(a) and loans pursuant to section 504(b) during the period beginning July 1, 1956, and ending June 30, [1961] 1966; and (c) such further sums as may be necessary to enable the Secretary to carry out the provisions of this title.

SECTIONS 701 AND 702 OF THE HOUSING ACT OF 1954

URBAN PLANNING

SEC. 701. (a) In order to assist State and local governments in solving planning problems resulting from increasing concentration of population in metropolitan and other urban areas, including smaller communities, to facilitate comprehensive planning for urban development by State and local governments on a continuing basis, and to encourage State and local governments to establish and develop planning staffs, the Administrator is authorized to make planning grants to—

(1) State planning agencies, or (in States where no such planning agency exists) to agencies or instrumentalities of State government designated by the Governor of the State and acceptable to the Administrator as capable of carrying out the planning functions contemplated by this section, for the provision of planning assistance to (A) cities, other municipalities, and counties having a population of less than 50,000 according to the latest decennial census, (B) any group of adjacent communities, either incorporated or unincorporated, having a total population of less than 50,000 according to the latest decennial census and having common or related urban planning problems resulting from rapid urbanization, and (C) cities, other municipalities, and counties referred to in paragraph (3) of this subsection and areas referred to in paragraph (4) of this subsection;

(2) official State, metropolitan, and regional planning agencies empowered under State or local laws or interstate compact to perform metropolitan or regional planning;

(3) cities, other municipalities, and counties which have suffered substantial damage as a result of a catastrophe which the President, pursuant to section 2(a) of "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes" has determined to be a major disaster;

(4) to official governmental planning agencies for areas where rapid urbanization has resulted or is expected to result from the establishment or rapid and substantial expansion of a Federal installation; and

(5) State planning agencies for State and interstate comprehensive planning (as defined in subsection (d)) and for research and coordination activity related thereto.

Planning assisted under this section shall, to the maximum extent feasible, cover entire urban areas having common or related urban development problems.

(b) A grant made under this section shall not exceed [50 per centum] *two-thirds* of the estimated cost of the work for which the grant is made. All grants made under this section shall be subject to terms and conditions prescribed by the Administrator. No portion of any grant made under this section shall be used for the preparation of plans for specific public works. The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advances or progress payments on account of any planning grant made under this section. There is hereby authorized to be appropriated not exceeding [\$20 million] *\$100 million*

to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended.

(c) The Administrator is authorized, in areas embracing several municipalities or other political subdivisions, to encourage planning on a unified metropolitan basis and to provide technical assistance for such planning and the solution of problems relating thereto.

(d) It is the further intent of this section to encourage comprehensive planning for States, cities, counties, metropolitan areas, and urban regions and the establishment and development of the organizational units needed therefor. In extending financial assistance under this section, the Administrator may require such assurances as he deems adequate that the appropriate State and local agencies are making reasonable progress in the development of the elements of comprehensive planning. Comprehensive planning, as used in this section, includes the following, to the extent directly related to urban needs: (1) preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities, *including transportation facilities*, together with long-range fiscal plans for such development; (2) programing of capital improvements based on a determination of relative urgency, together with definitive financing plans for the improvements to be constructed in the earlier years of the program; (3) coordination of all related plans of the departments or subdivisions of the government concerned; (4) inter-governmental coordination of all related planned activities among the State and local governmental agencies concerned; and (5) preparation of regulatory and administrative measures in support of the foregoing.

(e) In the exercise of his function of encouraging comprehensive planning by the States, the Administrator shall consult with those officials of the Federal Government responsible for the administration of programs of Federal assistance to the State and municipalities for various categories of public facilities.

(f) *The consent of the Congress is hereby given to any two or more States to enter into agreements or compacts, not in conflict with any law of the United States, for cooperative efforts and mutual assistance in the comprehensive planning for the physical growth and development of inter-State metropolitan or other urban areas, and to establish such agencies, joint or otherwise, as they may deem desirable for making effective such agreements and compacts.*

RESERVE OF PLANNED PUBLIC WORKS

SEC. 702. (a) In order (1) to encourage municipalities and other public agencies to maintain at all times a current and adequate reserve of planned public works the construction of which can rapidly be commenced, particularly when the national or local economic situation makes such action desirable, and (2) to help attain maximum economy and efficiency in the planning and construction of public works, the Administrator is hereby authorized to make advances to public agencies (notwithstanding the provisions of section 3648 of the Revised Statutes, as amended) to aid in financing the cost of engineering and architectural surveys, designs, plans, working drawings, specifications, or other action preliminary to and in preparation for the construction of public works: *Provided*, That the making of advances hereunder

shall not in any way commit the Congress to appropriate funds to assist in financing the construction of any public works so planned: *And provided further*, That advances outstanding to public agencies in any one State shall at no time exceed [10] 12½ per centum of the aggregate then authorized to be appropriated to the revolving fund established pursuant to subsection (e) of this section.

(b) [No advance shall be made hereunder with respect to any individual project unless it is planned to be constructed within a reasonable period of time, unless it conforms to an overall State, local, or regional plan approved by a competent State, local, or regional authority, and unless the public agency formally contracts with the Federal Government to complete the plan preparation promptly and to repay such advance or part thereof when due.] *No advance shall be made hereunder with respect to any individual project, including a regional or metropolitan or other area-wide project, unless it is planned to be constructed and there is a reasonable prospect that the project will be constructed within or over a reasonable period of time considering the nature of the project, unless it conforms to an overall State, local, or regional plan approved by a competent State, local, or regional authority, and unless the public agency formally contracts with the Federal Government to complete the plan preparation promptly and to repay such advance or part thereof when due.*" Subsequent to approval and prior to disbursement of any Federal funds for the purpose of advance planning the applicant shall establish a separate planning account into which all Federal and applicant funds estimated to be required for plan preparation shall be placed.

(c) Advances under this section to any public agency shall be repaid without interest by such agency when the construction of the public works is undertaken or started: *Provided*, That if the public agency undertakes to construct only a portion of a planned public work it shall repay such proportionate amount of the advances relating to the public work as the Administrator determines to be equitable: *And provided further*, That in the event repayment is not made promptly such unpaid sum shall bear interest at the rate of 4 per centum per annum from the date of the Government's demand for repayment to the date of payment thereof by the public agency.

(d) The administrator is authorized to prescribe rules and regulations to carry out the purpose of this section.

(e) In order to provide moneys for advances in accordance with this section, the Administrator is hereby authorized to establish a revolving fund which shall comprise all moneys heretofore or hereafter appropriated pursuant to this section, together with all repayments and other receipts in connection with advances made under this section. There are hereby authorized to be appropriated to such revolving fund, in addition to the amount authorized by this section as originally enacted,¹ the further amounts of \$12,000,000 which may be made available to the revolving fund on or after July 1, 1956; \$12,000,000 which may be made available to such fund on or after July 1, 1957; \$14,000,000 which may be made available to such fund on or after July 1, 1958; and such additional sums which may be made available from year to year thereafter as may be estimated to be necessary to maintain not to exceed a total of \$48,000,000 in undisbursed balances in the revolving fund and in advances outstanding for plans in preparation or for completed plans with respect to projects which, in the determina-

tion of the Administrator, can be expected to be undertaken within a reasonable period of time.

(f) The Administrator is authorized to use during any fiscal year not to exceed \$50,000 of the moneys in the revolving fund (established under subsection (e)), to conduct surveys of the status and current volume of State and local public works planning and surveys of estimated requirements for State and local public works: *Provided*, That the Administrator in conducting any such survey, may utilize or act through any Federal department or agency with its consent.

SECTION 203(a) OF THE HOUSING AMENDMENTS OF 1955

FINANCING

SEC. 203. (a) In order to finance activities under this title, the Administrator is authorized and empowered to issue to the Secretary of the Treasury, from time to time and to have outstanding at any one time, in an amount not exceeding **[\$150,000,000]** *\$200,000,000*, notes and other obligations. Such obligations shall be in such forms and denominations, have such maturities and be subject to such terms and conditions as may be prescribed by the Administrator, with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator to be issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

SECTIONS 202 AND 802(a) OF THE HOUSING ACT OF 1959

LOAN PROGRAM

SEC. 202. (a)(1) The purpose of this section is to assist private nonprofit corporations *or public bodies or agencies* to provide housing and related facilities for elderly families and elderly persons.

(2) In order to carry out the purpose of this section, the Administrator may make loans to any corporation (as defined in subsection (d)(2)) *or to any public body or agency* for the provision of rental housing and related facilities for elderly families and elderly persons, except that (A) no such loan shall be made unless the **[corporation]** *applicant* shows that it is unable to secure the necessary funds from

other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this section, and (B) no such loan shall be made unless the Administrator finds that the construction will be undertaken in an economical manner, and that it will not be of elaborate or extravagant design or materials.

(3) A loan [to a corporation] under this section may be in an amount not exceeding 98 per centum of the total development cost (as defined in subsection (d)(3)), as determined by the Administrator; shall be secured in such manner and be repaid within such period, not exceeding fifty years, as may be determined by him; and shall bear interest at a rate determined by him which shall be not more than the higher of (A) $2\frac{3}{4}$ per centum per annum, or (B) the total of one-quarter of 1 per centum added to the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the date on which the loan is made and adjusted to the nearest one-eighth of 1 per centum.

(4) There is authorized to be appropriated not to exceed [\$50,000,-000] \$100,000,000, which shall constitute a revolving fund to be used by the Administrator in carrying out this section. [The amount outstanding from such fund at any one time for related facilities (as defined in subsection (d)(8)) shall not exceed \$5,000,000.]

(b) In the performance of, and with respect to, the functions, powers, and duties vested in him by this section the Administrator shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402 (except subsection (c)(2)) of the Housing Act of 1950.

(c)(1) Housing constructed with a loan made under this section shall not be used for transient or hotel purposes while such loan is outstanding.

(2) As used in paragraph (1), the term "transient or hotel purposes" shall have such meaning as may be prescribed by the Administrator, but rental for any period less than thirty days shall in any event constitute use for such purposes. The provisions of subsections (f) through (j) of section 513 of the National Housing Act (as added by section 132 of the Housing Act of 1954) shall apply in the case of violations of paragraph (1) as though the housing described in such subsection were multifamily housing (as defined in section 513(e)(2) of the National Housing Act) with respect to which a mortgage is insured under such Act, except that for purposes of this subsection the Administrator shall perform the functions vested in the Commissioner by such section 513.

(3) The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors and subcontractors in the construction of housing assisted under this section shall be paid wages at rates not less than those prevailing in the locality involved for the corresponding classes of laborers and mechanics employed on construction of a similar character, as determined by the Secretary of Labor in accordance with the Act of March 3, 1931, as amended (the Davis-Bacon Act); but the Administrator may waive the application of this paragraph in cases or classes of cases where laborers or mechanics, not otherwise employed at any time in the construction of such housing, voluntarily donate their services without full compensation for the purpose of lowering the costs of con-

struction and the Administrator determines that any amounts saved thereby are fully credited to the [corporation] *corporate body or agency* undertaking the construction.

(d) As used in this section—

(1) The term “housing” means (A) new structures suitable for dwelling use by elderly families and new structures suitable for such use by one or more elderly persons, and (B) dwelling facilities provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for proposed dwelling use by such families and persons.

(2) The term “corporation” means any incorporated private institution or foundation no part of the net earnings of which inures to the benefit of any private shareholder, contributor, or individual, if such institution or foundation is approved by the Administrator as to financial responsibility.

(3) The term “development cost” means costs of construction of housing and of other related facilities, and of the land on which it is located, including necessary site improvement.

(4) The term “elderly families” means families the head of which (or his spouse) is sixty-two years of age or over; and the term “elderly persons” means persons who are sixty-two years of age or over. The Administrator shall prescribe such regulations as may be necessary to prevent abuses in determining, under the definitions contained in this paragraph, the eligibility of families and persons for admission to and occupancy of housing constructed with assistance under this section.

(5) The term “State” includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the possessions of the United States.

(6) The term “Administrator” means the Housing and Home Finance Administrator.

(7) The term “construction” means erection of new structures, or rehabilitation, alteration, conversion, or improvement of existing structures.

(8) The term “related facilities” means (A) new structures suitable for use as cafeterias or dining halls, community rooms or buildings, or infirmaries or other inpatient or outpatient health facilities, or for other essential service facilities, and (B) structures suitable for the above uses provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for such uses.

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DISPOSAL OF PASSYUNK AND NEWPORT WAR HOUSING PROJECTS

SEC. 802. (a) The use of projects PA-36011 and PA-36012 (which were conveyed to the Housing Authority of Philadelphia, Pennsylvania, under section 406(c) of the Housing Act of 1956) for the housing of military personnel and civilians employed in defense activities without regard to their income and the giving of a preference in respect of 700 dwelling units in such projects for such military personnel as the Secretary of Defense or his designee prescribes, for a period of [five] *six* years after the date of the conveyance of such projects, is hereby authorized; and such use and the giving of such

preferences shall not deprive such projects of their status as "low-rent housing" as that term is used and defined in the United States Housing Act of 1937 and within the meaning of that term as used in section 606(b) of the Act entitled "An Act to expedite the provision of housing in connection with national defense, and for other purposes", approved October 14, 1940, as amended. The Housing and Home Finance Administrator is authorized and directed to agree to any amendments to the instruments of conveyance which may be required to give effect to the purposes of this section.

SECTION 24 OF THE FEDERAL RESERVE ACT

LOANS ON FARM LANDS

SEC. 24. Any national banking association may make real-estate loans secured by first liens upon improved real estate, including improved farm land and improved business and residential properties. A loan secured by real estate within the meaning of this section shall be in the form of an obligation or obligations secured by a mortgage, trust deed, or other instrument upon real estate, which shall constitute a first lien on real estate in fee simple or, under such rules and regulations as may be prescribed by the Comptroller of the Currency, on a leasehold (1) under a lease for not less than ninety-nine years which is renewable or (2) under a lease having a period of not less than fifty years to run from the date the loan is made or acquired by the national banking association, and any national banking association may purchase any obligation so secured when the entire amount of such obligation is sold to the association. The amount of any such loan hereafter made shall not exceed 50 per centum of the appraised value of the real estate offered as security and no such loan shall be made for a longer term than five years; except that (1) any such loan may be made in an amount not to exceed 66⅔ per centum of the appraised value of the real estate offered as security and for a term not longer than ten years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize 40 per centum or more of the principal of the loan within a period of not more than ten years, and (2) any such loan may be made in an amount not to exceed 66⅔ per centum of the appraised value of the real estate offered as security and for a term not longer than twenty years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize the entire principal of the loan within a period of not more than twenty years, and (3) the foregoing limitations and restrictions shall not prevent the renewal or extension of loans heretofore made and shall not apply to real estate loans which are insured under the provisions of title II, title VI, title VIII, section 8 of title I, or title IX of the National Housing Act or which are insured by the Secretary of Agriculture pursuant to title I of the Bankhead-Jones Farm Tenant Act, or the Act entitled "An Act to promote conservation in the arid and semiarid areas of the United States by aiding in the development of facilities for water storage and utilization, and for other purposes", approved August 28, 1937, as amended. No such association shall make such loans in an

aggregate sum in excess of the amount of the capital stock of such association paid in and unimpaired plus the amount of its unimpaired surplus fund, or in excess of 60 per centum of the amount of its time and savings deposits, whichever is the greater. Any such association may continue hereafter as heretofore to receive time and savings deposits and to pay interest on the same, but the rate of interest which such association may pay upon such time deposits or upon savings or other deposits shall not exceed the maximum rate authorized by law to be paid upon such deposits by State banks or trust companies organized under the laws of the State in which such association is located.

Any national banking association may make real estate loans secured by first liens upon forest tracts which are properly managed in all respects. Such loans shall be in the form of an obligation or obligations secured by mortgage, trust deed, or other such instrument; and any national banking association may purchase any obligation so secured when the entire amount of such obligation is sold to the association. The amount of any such loan shall not exceed 40 per centum of the appraised value of the economically marketable timber offered as security and the loan shall be made upon such terms and conditions as to assure that at no time shall the loan balance exceed 40 per centum of the original appraised value of the economically marketable timber then remaining. No such loan shall be made for a longer term than two years; except that any such loan may be made for a term not longer than ten years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize the principal of the loan within a period of not more than ten years and at a rate of at least 10 per centum per annum. All such loans secured by first liens upon forest tracts shall be included in the permissible aggregate of all real estate loans prescribed in the preceding paragraph, but no national banking association shall make forest-tract loans in an aggregate sum in excess of 50 per centum of its capital stock paid in and unimpaired plus 50 per centum of its unimpaired surplus fund.

Loans made to finance the construction of residential or farm buildings and having maturities of not to exceed nine months, whether or not secured by a mortgage or similar lien on the real estate upon which the residential or farm building is being constructed, shall not be considered as loans secured by real estate within the meaning of this section but shall be classed as ordinary commercial loans: *Provided*, That no national banking association shall invest in, or be liable on, any such loans in an aggregate amount in excess of 50 per centum of its actually paid-in and unimpaired capital. Notes representing such loans shall be eligible for discount as commercial paper within the terms of the second paragraph of section 13 of the Federal Reserve Act, as amended, if accompanied by a valid and binding agreement to advance the full amount of the loan upon the completion of the building entered into by an individual, partnership, association, or corporation acceptable to the discounting bank.

Notwithstanding the limitations and restrictions in this section any national banking association may make home improvement loans which are insured under the provisions of sections 203(k) and 220(h) of the National Housing Act. Loans made to established industrial or commercial businesses (a) which are in whole or in part discounted or

purchased or loaned against as security by a Federal Reserve bank under the provisions of section 13b of this Act, (b) for any part of which a commitment shall have been made by a Federal Reserve bank under the provisions of said section, (c) in the making of which a Federal Reserve bank participates under the provisions of said section, or (d) in which the Reconstruction Finance Corporation or the Housing and Home Finance Administration or the Small Business Administration cooperates or purchases a participation under the provisions of the Reconstruction Finance Corporation Act, as amended, or of section 102 or 102a of the Housing Act of 1948, as amended, or of the Small Business Act of 1953, shall not be subject to the restrictions or limitations of this section upon loans secured by real estate.

HOME OWNERS' LOAN ACT OF 1933

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FEDERAL SAVINGS AND LOAN ASSOCIATIONS

SEC. 5. (a) In order to provide local mutual thrift institutions in which people may invest their funds and in order to provide for the financing of homes, the Board is authorized, under such rules and regulations as it may prescribe, to provide for the organization, incorporation, examination, operation, and regulation of associations to be known as "Federal Savings and Loan Associations", and to issue charters therefor, giving primary consideration to the best practices of local mutual thrift and home-financing institutions in the United States.

(b) Such associations shall raise their capital only in the form of payments on such shares as are authorized in their charter, which shares may be retired as is therein provided. No deposits shall be accepted and no certificates of indebtedness shall be issued except for such borrowed money as may be authorized by regulations of the Board.

(c) Such associations shall lend their funds only on the security of their shares or on the security of first liens upon homes or combination of homes and business property within fifty miles of their home office: *Provided*, That not more than \$35,000 shall be loaned on the security of a first lien upon any one such property; except that not exceeding 20 per centum of the assets of such association may be loaned on other improved real estate without regard to said \$35,000 limitation, and without regard to said fifty-mile limit, but secured by first lien thereon: *And provided further*, That any portion of the assets of such associations may be invested in obligations of the United States or the stock or bonds of a Federal Home Loan Bank or in the obligations of the Federal National Mortgage Association: *And provided further*, That any such association which is converted from a State-chartered institution may continue to make loans in the territory in which it made loans while operating under State charter. In addition to the loans and investments otherwise authorized, such associations may purchase, subject to all the provisions of this paragraph except the area restriction, loans secured by first liens on improved real estate which are insured under the provisions of the National Housing Act,

as amended, or insured as provided in the Servicemen's Readjustment Act of 1944, as amended, or chapter 37 of title 38, United States Code.

Without regard to any other provision of this subsection except the area requirement such associations are authorized to invest a sum not in excess of 15 per centum of the assets of such association in loans insured under title I of the National Housing Act, [as amended] *in home improvement loans insured under title II of the National Housing Act*, in unsecured loans insured or guaranteed under the provisions of the Servicemen's Readjustment Act of 1944, as amended, or chapter 37 of title 38, United States Code, and in other loans for property alteration, repair, or improvement: *Provided*, That no such loan, unless so insured or guaranteed, shall be made in excess of \$3,500.



Digest of CONGRESSIONAL PROCEEDINGS

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued June 5, 1961

For actions of June 2, 1961

87th-1st, No. 92

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HIGHLIGHTS: House committee reported agricultural appropriation bill. Senate committee reported Interior appropriation bill. Senate debated housing bill. Sen. Symington inserted Secretary's speech to Mo. Cotton Producers Association.

HOUSE

1. AGRICULTURAL APPROPRIATION BILL, 1962. The Appropriations Committee reported (on Fri. during adjournment) this bill, H. R. 7444 (H. Rept. 448). Attached to this digest is a copy of the Committee report, at the end of which is included a summary table reflecting committee action on the bill.)
2. RECLAMATION. The Irrigation and Reclamation Subcommittee of the Interior and Insular Affairs Committee voted to report to the full committee H. R. 2206, with amendment, to authorize the construction, operation, and maintenance of the Fryingpan-Arkansas reclamation project, and H. R. 2552, with amendment, to authorize the Secretary of the Interior to construct, operate, and maintain the Navajo Indian irrigation project and the initial stage of the San Juan-Chama project, as participating projects of the Colorado River storage project.
p. D409

SENATE

3. INTERIOR AND RELATED AGENCIES APPROPRIATION BILL, 1962. The Appropriations Committee reported with amendments this bill, H. R. 6345, which includes items for the Forest Service (S. Rept. 294) (p. 8749). (At the end of this Digest is a table showing the Forest Service items, and excerpts from the committee report.)

4. HOUSING. Continued debate on S. 1922, the omnibus housing bill (pp. 8756-74, 8775-88, 8790-8). Agreed to an amendment by Sen. Yarborough to extend the guaranteed loan program for World War II veterans until July 25, 1967, and for Korean conflict veterans until January 31, 1975, and to increase the maximum amount of a direct loan to a veteran from \$13,500 to \$15,000 (pp. 8775-7).
5. FARM PROGRAM. Sen. Symington inserted Secretary Freeman's speech before the Missouri Cotton Producers Association in which he discussed farm program policies and objectives. pp. 8754
Sen. Dirksen called attention to a recent report on farm prices by this Department, stating that the report indicates prices received by farmers are 2 percent less than they were a year ago, that parity has dropped from 80 to 78 percent, and that corn prices have dropped 6 percent since last year. p. 8751
6. CCC AUDIT. Received from the Comptroller General a report on the audit of the Commodity Credit Corporation for the fiscal year 1960. p. 8748
7. PATENTS. Sen. Wiley inserted a statement by a Wisc. patent attorney discussing patent policy. pp. 8752-3
8. LEGISLATIVE PROGRAM. Sen. Sparkman announced that the Interior appropriation bill will be considered on Tues., followed by further consideration of the housing bill. p. 8798
9. ADJOURNED until Tues., June 6. p. 8798

ITEMS IN APPENDIX

10. FARM PROGRAM. Extension of remarks of Sen. Wiley inserting an article, "One Farmer in Five Likes Corn Program," giving the results of a survey in Wisconsin which showed that only 21% of the farmers polled planned to participate in the feed grain program, whereas 65% planned not to participate. p. A3958
11. COTTON. Extension of remarks of Rep. Smith, Miss., inserting a speech, "Squaring Up to the Issue," which says "the textile industry will not be liquidated legally or illegally without first exhausting its resources to not only preserve itself, but to nurture its strength as an essential part of our national economic and military life ... the inseparable relationship between your agricultural and our industrial interests makes it desirable for us both to fight the conditions which are designed to destroy us both." pp. A3967-9
Extension of remarks of Rep. Jones, Mo., inserting a statement of E. D. Barrett, President of the Missouri Cotton Producers Association, saying "for the first time in several long years we are able to open an annual meeting of the association with optimism and confidence in the future for cotton and cotton farmers. This optimism and confidence stems to a great extent from what we have seen and heard since our new Secretary of Agriculture took office last January." pp. A3971-2
12. HOUSING. Extension of remarks of Rep. Pelly on H. R. 6028, the omnibus housing bill, saying "I hope that during the debate on this bill, the Members will weigh carefully the approval of a multibillion-dollar housing bill which represents the most glaring example of back-door spending from the Treasury that has ever been presented to the House." p. A3970

I believe that the first step towards solving cotton's problems is the same as that for all other farm commodities: we must gain and hold public understanding and appreciation of the remarkable record which agriculture has made in becoming the No. 1 success story of this century. Then agriculture will get a sympathetic rather than a hostile ear as we seek to work out our problems.

Let us take a brief look at the challenge we find in agriculture as it particularly affects cotton.

The cotton producer, while not faced with the same degree of inelasticity in the demand for his product as other farm commodity producers, does have some particularly unique problems.

You know the inroads made into markets formerly held almost exclusively by cotton—inroads by such man-made substitute products as rayon, nylon, paper, spun glass, and others. You know the difficulties of meeting foreign competition while at the same time seeking to maintain fair prices to cotton producers here at home.

Some of the statistics which reflect these factors give us concern. Recently, some prominent cotton leaders came to my office and said that cotton is in good shape. The facts, I fear, do not bear this out.

What are the facts?

First, domestic consumption of cotton is expected to be down about 1 million bales this year from the 9 million bales consumed a year ago. The business recession of 1960 and early 1961 is partly responsible, and we expect some improvement in the coming season. But the general level of business is not the only factor.

In the last decade, the per capita use of cotton in this country dropped by roughly one-fourth. This very serious long-term element reflects the trend toward larger use of man-made fibers year after year.

A third fact of importance in the statistical picture of the cotton economy is that we expect total export of cotton in 1960-61 to run about 6.5 million bales—down about 700,000 bales from the previous year.

In total then, cotton disappearance for the 1960-61 marketing year will be about 14.5 million bales—10 percent less than in 1959-60. Since this approximately balances last year's cotton production, it means that the carryover on August 1 will remain about 7.5 million bales.

Most of this cotton will be owned by private interests. We expect government stocks to be relatively small. But while this is an improvement over the situation in the mid-50's, it is by no means a solution to the cotton problem. In fact, the existence of 5.5 million bales in private hands on August 1 may delay and reduce the disposal of the new crop.

Another statistic which adds to our concern is the sharp rise in the volume of cotton textiles imported into the United States with the accompanying decline in the export of domestically produced textiles. In 1950, imports of cotton textiles equalled about 83,000 bales. During 1960, about 532,000 bales of cotton were used to manufacture such imports. In the same period, cotton used in textile exports dropped from about 539,000 bales to 494,000 bales.

The simple fact is that dual prices for raw cotton encourage foreign mills to export their cotton textiles to the United States. This cuts into the market for U.S. produced textiles and causes consumption of cotton within the United States to decline.

President Kennedy, as you know, has issued a 7-point directive aimed at alleviating the problems of the textile industry. He has directed the Department of Agriculture to take a good hard look at the two-price system for cotton with a view to replacing

it with something better—better for cotton and textiles alike.

We are studying this situation thoroughly in cooperation with our cotton advisers, and we hope to have recommendations to make in due time.

This involves a very difficult problem—maintaining on the one hand prices and income our farmers can live with and, on the other, keeping our cotton competitive in world markets.

I believe encouragement can be taken from the fact that the demand for cotton is elastic and that world consumption has been increasing fairly rapidly. But the cold hard statistics should serve to alert us that action is called for.

In this respect, cotton is not unique. It is the special responsibility of all of us in Agriculture to develop agricultural policies and programs which will enable us to manage and use our abundance of food and fiber so as to benefit the maximum number of people here and abroad while at the same time there is an adequate reward to those who give us this great productivity.

In the time remaining, I wish to outline the administration's program to extend some of the rewards of an abundant productivity to the farmer as well as to those who have benefited from it in terms of higher living standards.

The first responsibility is to seek the most intelligent use of our agricultural abundance. This means that we are placing emphasis on expanding consumption of food and fiber both domestically and throughout a world with enormous unmet needs for food and fiber.

At home this program has meant a substantial expansion in the food being made available to needy families.

Since the President issued his first Executive order in January, the department has more than doubled the quantity of food for the needy while placing it in the hands of 2.5 million more people.

Within a week we shall begin a pilot food stamp program which will enable needy families living in eight communities and localities of chronic and high unemployment to purchase food required for adequate diets through regular retail channels.

In addition to these special programs, the department is adding new commodities to the school lunch program while increasing the school milk program and the amount of Federal support for both.

While seeking to follow every reasonable opportunity in this country to expand domestic consumption, we recognize that the tremendous productive success of agriculture means we can produce far larger quantities of food and fiber than are necessary to meet domestic needs.

Further, it means that we have available an enormously powerful instrument to use in assisting scores of nations which are in need of the food that can contribute so much to the health of their people and to the development of their economies.

As we are coming to realize, the programs carried out under our food-for-peace program (Public Law 480) contain the essential elements of truly great humanitarianism: They are instruments for peace and freedom in the world while they contribute at the same time to a sounder national economy at home.

We already have received from Congress the authorization to expand this program to the extent of \$2 billion for the current calendar year, and yesterday I appeared before the House Agriculture Committee in support of amendments to Public Law 480 which are contained in the omnibus farm bill now before the Congress.

Under the key recommendation for a 5-year extension, Public Law 480 will become

a much more forceful instrument, both in support of our farm economy and in our effort to help emerging nations develop and grow in freedom, rather than under communism.

In addition to these direct programs to step up utilization of our farm abundance, the department is placing increasing emphasis on research to develop new uses for agricultural commodities to create new markets, in human nutrition to learn more precisely the role of various foodstuffs in health and growth, and in pest eradication to help produce higher quality commodities.

The prospects, for example, are good that scientists can eventually eradicate the boll weevil. We are concentrating our efforts towards this goal in a new laboratory now nearing completion at State College, Miss.

On the product development side, many scientists in USDA research are chemists and engineers who are seeking new uses for cotton and studying ways to improve cotton products now on the market.

There is promise, too, that researchers can strengthen the cotton market by making improvements at critical points in the operation of gins, oil mills and textile mills—and thus cut the cost of processing.

The emphasis on increased utilization of food and fiber, together with more stress on research, are two major efforts to develop wider markets for the products of agriculture.

A third program behind which we are marshaling every resource of the department is directed to help that segment of the farming economy which finds its troubled roots in a soil which the typical farm program does not and cannot effectively reach.

This is the rural development program. It is a special tool for reaching the areas of chronic low farm income—where resources are poor or inadequate to sustain profitable farming operations when even proper conditions prevail in agriculture.

I have established a rural development board which will focus all departmental services on a top priority basis to provide technical assistance in these rural areas and communities, and the President recently signed into law the Area Redevelopment Act which provides funds for assistance to these areas.

These funds will be used to provide low interest credit to assist rural areas to attract new industry, to construct community facilities essential to economic growth, and to assist individuals to learn new skills which will help attract new industry to rural areas.

The program also will enable the department to better utilize its resources to assist farmers, wherever feasible, to obtain the credit, equipment and skills which will help them make the adjustment to an efficient family-sized operation.

I should like to take this opportunity, for a moment, to clarify what we mean when we talk about the family farm. It has been subject of as many misconceptions as the Ellender-Cooney farm bill, which is designed to enhance its strength.

The family farm is a business institution in which most of the labor and most of the management is provided by the same family. Acquisition of managerial control can be acquired by any one of several forms of tenure.

Similarly, the size of the family farm or its income depends only on the amount of labor the family farm can supply and an equal—or near equal—amount of hired labor.

Within these labor and management limitations, farms of any acreage, income level, form of tenure, and any type of farming system can be classed as family farms. As the labor force of the average family farm is now approximately 1.5 man-years, the dividing line between the family and larger size operation is approximately 3 man-years.

To be adequate, a family farm should gross at least \$10,000 annually and those that do are generally considered as efficient as the large-scale farming operation.

It is the family-type farm which is largely responsible for the unmatched productivity of American agriculture and, as I have said, it is to this genius of efficient operation that we direct our major concern.

It may appear to some that the efforts to seek greater utilization of food and fiber are in contradiction to parallel efforts to adjust our abundant agricultural production. I can assure you that unless a determined effort is made to adjust production to the quantities we can use as we seek to expand our use of food and fiber at home and abroad, we shall continue down the unhappy road of the past decade.

The goal of the Ellender-Cooley bill, or the Agricultural Act of 1961, is to make it possible for producers to automatically adjust their production.

The heart of the proposed legislation is an attempt to achieve economic equality for farmers on a commodity-by-commodity basis. The farmer is the only basic producer in our economy who now has available to him no means by which he can adjust production to demand, and who, therefore, has no effective means by which he can influence the economic rewards of his enterprise.

The proposed legislation would provide farmers with the machinery for coming together and developing supply adjustment programs. It would provide democratic methods for approving or rejecting such programs. And it would specifically provide safeguards for consumers' interests.

A committee of producers—including a consumer representative—would consult with the Secretary to develop and recommend a program of supply adjustment for that commodity. The Secretary would recommend a program based on these consultations. To become effective it would require approval by the President, sanction by the Congress, and approval by two-thirds vote of the producers.

Farmers serving on these commodity advisory committees would be chosen from nominees designated by farmer-elected county committees and by farm organizations.

The program offers a variety of procedures, many of which have already proved their usefulness, in order to provide a degree of flexibility which now is needed by agriculture in order to adjust to the swift changes which are common to farming in this age.

I urge you to note these important points:

The democratic procedures—farmer elected advisory committees in consultation with the Secretary consider and recommend individual commodity programs.

The safeguards—consumer representatives participate—review by the Congress—approval by two-thirds of the producers.

Note that the bill establishes agricultural procedures, not programs. The democratic process is called into play at every stage. It would mean less, not more, "Government in agriculture."

The power of the Secretary to initiate programs will be diminished rather than expanded.

The only way bad programs could be brought into being would be for the farmers to be asleep, for the Secretary of Agriculture to be dumb, for the President of the United States to be incompetent, for the Congress of the United States to be lazy and for two-thirds of the producers to be stupid.

The new approach will give the Congress and its agricultural committees a closer, more direct relationship to agricultural programs than they now enjoy.

The Ellender-Cooley farm bill will cut the cost of Federal farm programs by helping producers bring supply into line with actual needs.

This then is the four phase approach the Kennedy administration is taking to meet the problems of American agriculture. We have an explosively productive agricultural plant. We seek to use it by every reasonable avenue, but in the process we seek also to prevent the wasteful use of our valuable human and natural resources.

It provides no permanent solution to cotton's problems, or to any commodity problem—because there is none. But it does provide a flexible series of alternatives and, in the process, an open invitation to hard work for all those concerned with the farming economy.

It is an invitation for farmers to exercise judgment, reason, and intelligence in the management of their own enterprise.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, on yesterday a unanimous-consent agreement was entered, to begin at the conclusion of business under the morning hour. Is morning business concluded?

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is concluded.

HOUSING ACT OF 1961

The Senate resumed the consideration of the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

Mr. MANSFIELD. Mr. President, after consultation with the distinguished minority leader, in view of the fact that the chairman of the full committee did not have the opportunity, because of circumstances beyond his control, to make a speech on yesterday, I ask unanimous consent that despite the unanimous-consent agreement entered into, and apart from it, the distinguished chairman of the Committee on Banking and Currency, the Senator from Virginia [Mr. ROBERTSON], may be allowed 40 minutes for general discussion.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. ROBERTSON. Mr. President, I oppose the omnibus housing bill, S. 1922. It is both extravagant and inflationary.

This 89-page bill would authorize as much as \$9.3 billion in additional Federal loans and grants for housing. Nearly all of that vast sum would require some kind of backdoor Treasury financing. Excluding public housing, the bill

contains \$6.2 billion for new and existing housing programs—only slightly less than the \$6.4 billion legislated for the same existing programs ever since they were started.

Everyone recognizes the need for sound housing and better neighborhoods. These and other needs, in fact, seem almost unbounded. In contrast, Federal resources available to meet them are limited and are already strained.

Even without this bill, the budget deficit for the fiscal year 1962 will be at least \$4 billion, and probably much more. Contributing to next year's deficit will be an estimated \$949 million in net outlays for existing housing programs involved in this bill. Enactment of S. 1922 would further increase the budget deficit in fiscal 1962 by an estimated \$462 million, or by nearly half a billion dollars more. Under these circumstances, the Federal Government should not underwrite the additional inflationary burden that this excessive housing bill could impose.

The bill contains more than \$9.2 billion in loans and grants requiring some sort of backdoor Treasury financing. Approval of the bill would mean that, subject to specified limits, the Congress would lose control over the amount and timing of these backdoor housing loans and grants, in some instances for as long as 40 years. This would be true, regardless of other demands upon the Federal budget and regardless of future conditions in the general economy or in the housing market.

The additional \$2.5 billion in grants for urban renewal in this bill, for example, would be finally expended from 4 to 10 years hence. For public housing, the additional \$3.1 billion in this bill could be laid out in annual grants of as much as \$78.7 million each year until at least 2001 A.D. Already, the budget for fiscal 1962 will include \$426 million in net outlays for urban renewal and public housing which will be made under previous authorizations enacted as long ago as 1937.

URBAN RENEWAL

With an additional \$2.5 billion for urban renewal grants, the bill would more than double the size of the program to a total of \$4.5 billion. The \$2.5-billion increase, which is excessive, would take the form of contract authority, a type of back-door Treasury financing.

The bill specifies no time limit upon the commitment of these funds, although the HHFA indicated that the contract authority should cover approximately the next 4 years of operations. If so, this means that the annual rate of contracts authorized would be more than doubled—to an average of as much as \$625 million a year compared with \$271 million in calendar 1960, \$256 million in 1959, and \$227 million in 1958.

To make the urban renewal program more effective, these grants should be spread more widely by reducing the Federal share of overall renewal costs to one-half instead of two-thirds. Both the Federal and the local share should be paid in cash.

A 50-50 ratio would place Federal aid to communities for city land improvement on the same basis as Federal aid to farmers for soil conservation improvement. Payment of the local share in cash—thus excluding present noncash contributions—would assure continued community interest in urban renewal long after Federal funds were expended. It would guarantee more local interest in workable programs for community development which are now too often watered down or abandoned once Federal assistance has been obtained.

By reducing the Federal share to one-half from two-thirds, a given amount of Federal aid could be spread more widely. Alternatively, a given number of projects could be financed by reduced Federal expenditures. Under the present two-thirds Federal share, the additional \$2.5 billion requested in this bill for urban renewal would finance projects with net costs of up to \$3,750 million. A 50-50 grant ratio would underwrite \$5 billion in urban renewal project costs, or one-third more.

PUBLIC HOUSING

Besides \$2.5 billion in additional urban renewal grants, this bill would authorize \$3.1 billion to expand the public housing program by approximately 100,000 units. These units would cost an average of about \$14,000 each. To help pay for them, future Congresses would be bound to appropriate as much as \$78.7 million over each of the next 40 years.

I oppose this additional expansion of the backdoor policy housing program. We have already authorized up to \$257 million a year for annual grants, and over 597,000 units will have been placed under annual contributions contracts by the middle of the year. All this has gone toward supplying subsidized housing to relatively few families at the expense of all taxpayers. According to a recent report of the Comptroller General of the United States, over \$131 million were paid in annual contributions by all taxpayers in the fiscal year 1960 toward public housing programs in which about 1,825,000 persons resided, or roughly about 1 percent of the Nation's population. In fiscal 1961, more than \$151 million will be required.

FORTY-YEAR NO-EQUITY LOANS

Mr. President, I oppose the new 40-year no-downpayment FHA-insured loan program. The present no-equity program was designed for a few families having a strong moral claim on the Government by reason of being displaced by public action. This program has been reviewed by the Comptroller General of the United States and criticized sharply in a report dated May 1961. Nevertheless, the new program would include for 2 years on an experimental basis all low- and moderate-income families. In other words, it would take in nearly everyone.

The new no-equity program would do little to lower total monthly expenditures of home buyers, or to reduce minimum downpayments, which are now only 3 percent under the regular FHA section 203 sales housing program. Long-term borrowing outlays would actually be in-

creased. For every \$10,000 in principal loaned at 5¼-percent interest for 40 years, borrowers would repay over \$13,900 in interest on loans held to maturity.

Abolishing downpayments and lengthening mortgage terms to 40 years would further reduce the rate at which home buyers save and build up a protective equity in their homes. The reduced rate of equity buildup would be reflected in lower mortgage repayments to lenders during the early years such mortgage loans were outstanding. At first, this would tend to restrict the supply of funds made available through mortgage repayments for relending at the same time the demand for funds was increased to finance a larger number of no-downpayment 40-year loans.

The reduced rate of equity buildup would also increase the likelihood of greater loan defaults and foreclosures. This, in turn, would result in greater claims upon FHA insurance reserves. That is illustrated by the VA guaranteed home loan program, where most loans have been made without downpayments. The rate of claims paid by the VA on foreclosed no-downpayment loans has been more than double the claim rate paid on foreclosed mortgages requiring some downpayment, according to the testimony of the Chief Benefits Director of the Veterans' Administration before the Senate Housing Subcommittee. No-downpayment FHA insured loans might well show a similar pattern.

Under the proposed FHA programs, increased claims upon FHA insurance reserves would be further augmented by another provision of the bill. It calls for the inclusion, for the first time, of accrued unpaid interest as a reimbursable item, in addition to unpaid principal and other eligible expenses. Still other provisions would give FHA discretionary authority to accept certain insured mortgages upon default rather than, as at present, waiting until after foreclosure. Under one program, FHA also would have the option of paying in cash or, as at present, in debentures.

These unwise changes would set precedents which the proponents of the bill would undoubtedly try to extend later to all FHA programs. We have already seen what can happen in the case of FHA section 221 loans. This was a special program originally limited to households displaced by governmental action. Under this bill it will now be applied to all so-called low- and moderate-income families, regardless of their previous housing status.

To the extent that these precedents are put into effect, they would tend to encourage unsound practices by private lenders and would increase FHA's risk of loss and its need to build up larger reserves. The Federal Government would be put squarely into the politics, as well as the economics, of handling troublesome loans.

These precedents could also place a greater burden both upon FHA insurance reserves and ultimately upon the U.S. Treasury—a burden uncertain both as to the amount and timing of expenditures. Already, the current FHA insurance reserve is "in the red" for the

very program—section 221—which this bill seeks to apply to nearly all families.

How can these and similar provisions—which argue for an increase in FHA reserves to meet greater losses—be reconciled with another section of the bill which would authorize a discretionary reduction in the minimum FHA mortgage insurance premium to one-fourth of 1 percent from the present level of one-half of 1 percent?

SUBSIDIZED HOUSING

Mr. President, I oppose the "below market rate" FHA no-downpayment rental housing program in this bill. Most, if not all, subsidized loans made under this program at interest rates as low as 3⅛ percent would be purchased by FNMA. For this and other types of special assistance subject to Presidential allocation, FNMA would receive an additional \$750 million, although it still has more than \$190 million available under previously enacted authorizations. Nearly all this sum might be used to underwrite the new rental housing program for low and moderate income households, to be inaugurated at a time when rental vacancies average 8 percent throughout the Nation, and when the typical monthly rent asked for such vacant units is only \$53.

With FNMA buying all FHA-insured loans, the program would represent an indirect Federal loan subsidy operated as if it were an ordinary private market type of activity. The program would be, in effect, public housing under a new name. FNMA would stockpile all these below-market-rate loans as long as their yields remained considerably less than returns on alternative investments in the private capital market. Already, FNMA holds \$6.1 billion in its stockpile of residential mortgages.

EXCESSIVE LOAN PROGRAMS

Besides the additional \$750 million for indirect Federal loans through FNMA, the bill would authorize \$2,750 million for direct loans for college housing, mass transportation and other public facilities, housing for the elderly, and veterans' housing. The total of \$3.5 billion in direct and indirect Federal loans, nearly all extended under a form of back-door Treasury financing, indicates how far this bill departs from the everyday operations of our private enterprise system.

In the budget for the fiscal year 1962, the administration estimates that net expenditures for nonfarm housing loans authorized under earlier legislation would come to \$628 million, including both direct and indirect advances. On top of that amount, this bill would add \$410 million.

HOME IMPROVEMENT LOANS

Mr. President, I oppose the new home improvement program in the bill. There is no doubt that home repairs, when economically feasible, are preferable to demolishing and rebuilding older dwellings. Repairs ordinarily cost less and help to preserve existing neighborhoods where most of our families live and where our home savings and mortgage investments are now placed.

But the provisions in the bill, authorizing no-downpayment improvement and rehabilitation loans, without specific collateral and in amounts of as much as \$10,000 each for as long as 25 years, go too far. Certainly, they are well beyond the limits of the current title I FHA insured property improvement program, which would be extended under the bill for another 2 years. The title I program generally permits 3- to 5-year loans for up to \$3,500—a program that has been in operation since 1934. Under it, more than 24 million loans, with net proceeds of over \$13 billion, have been insured. That was a sound program. The proposed program is unsound.

If this bill were enacted, the old title I property improvement loan program, under which private lenders have assumed some of the risk of loss, would be supplanted, to a large extent, by the new 25-year, no-equity, no-collateral home improvement program with its more liberal terms, permitting FHA insurance of 100 percent of the loan.

COMPETING PROGRAMS

The new home improvement loan program represents but one example among several in the bill in which we are asked to extend the duration of long established Federal housing programs but at the same time to set up new or expanded programs which would compete with and to some extent supplant the current ones. As the Comptroller General of the United States suggested in a letter dated May 12, 1961 to the Chairman of the Senate Banking and Currency Committee in commenting upon the proposed Housing Act of 1961, there may also be a conflict between the new FHA section 221 no-equity program and the traditional FHA section 203 program. His letter reads in part as follows:

FHA records show that in 1959 the typical new home insured under section 203(b) was appraised at about \$14,300. We believe with the revised upper limits of section 221 program, it may in many instances supplant the section 203(b) program, FHA's permanent insurance program. In addition, since mortgages insured under section 221 may be purchased by the Federal National Mortgage Association under its special assistance program, the Federal Government may be purchasing mortgages which might otherwise have been retained in the private money market. Since all persons will be eligible to take advantage of the program (without regard to buyer's ability to qualify under other FHA programs) it will be extremely difficult to determine the real success of the program.

Still other conflicts exist in the bill. At one point, we are asked to authorize an additional \$80 million for Federal grants to help finance local planning outlays. These planning expenditures would presumably be directed in part toward evolving workable programs for community development. Yet other sections of the bill would exempt the new 40-year no-downpayment sales-housing program as well as the proposed FHA program for mortgage insurance on experimental types of housing from any requirement that they conform to such workable programs.

I am opposed to multiplying and duplicating Federal housing programs, par-

ticularly when they conflict with one another. We need greater unification—not greater multiplication—of all Federal housing programs. We also need further insight into the operations of these programs. I sincerely hope that the appropriations for research and studies in the fields of urban development and housing which the administration is said to be in the process of requesting from the Appropriations Committees of the Congress will receive sympathetic consideration. Large, continuing, and penetrating studies of existing urban development and housing programs—including both their positive and negative features—and of the real estate markets within which they operate would give us a sounder basis for determining which programs should be extended, modified, abolished, or initiated.

OPEN SPACE

Mr. President, I oppose the new open space program in this bill. It calls for \$100 million in Federal grants through backdoor Treasury financing to help communities acquire private taxable open land. This land would be used for nonproductive purposes, including so-called historical, scenic, scientific, or esthetic uses.

The new program would make the 25- to 35-percent Federal share of total land acquisition costs larger than recommended by the administration. There should be more study of this proposition before Congress decides to underwrite speculative land profits with Federal credit. The current urban renewal law deals adequately with open space.

CONCLUSION

In conclusion, I am particularly concerned, as I indicated before, about the built-in spending provisions of the omnibus housing bill which future Congresses will be powerless to curtail or stop. My concern is deepened by the fact that the Congress is already committed to many other similar long-term outlays.

One of the largest long-term commitments, of course, involves backdoor Treasury financing. At the end of April, more than \$26.1 billion were outstanding in unused authorizations to draw funds directly from the Treasury. Housing programs accounted for a portion of this total. In future years the Congress will be obliged to provide whatever funds are necessary to underwrite net borrowings under unused authorizations. In fiscal 1960, net borrowings came to as much as \$1.7 billion.

Future Congresses will also be obliged to appropriate annually whatever sums are needed for interest on the national debt. Over \$9.1 billion was required in the fiscal year ended last year, plus \$48 million more for administrative expenses incurred in issuing, servicing, and retiring securities and in promoting the sale of Treasury bonds. If the budget continues to be unbalanced and deficit financing further augments the national debt, future Congresses will have no choice but to appropriate more and more for interest.

Another type of built-in expenditure over which the Congress holds no real control is pensions payable to veterans.

In the last fiscal year, pensions paid to living veterans for non-service-connected disability exceeded \$900 million. In the current fiscal year, such pensions are expected to come to more than \$1 billion. As more and more World War II and Korean veterans become pensioned as they grow older and become disabled, the annual cost of veterans' pensions which the Congress will be required to meet through appropriations will continue to rise. Other Federal programs like civil service retirement pay and unemployment compensation will impose additional demands upon direct or indirect congressional appropriations in whatever amounts are necessary to cover the Government's share of total costs.

Recently, the Congress has had under consideration several large programs which would require substantial appropriations in the near future. For example, on May 25, the Senate passed a Federal-aid-to-education bill. It would begin with an initial 3-year authorization exceeding \$2.5 billion. If adopted, that program will soon cost that much per year. The same day, President Kennedy in his message on urgent national needs asked the Congress to endorse the expanded space program by agreeing to underwrite expenditures of \$7 to \$9 billion over the next 5 years, to send a man to the moon although the military value of such a project remains to be demonstrated.

These and other expenditure proposals, in addition to our many existing built-in spending programs, suggest a further upward trend in budget outlays. Yet instead of being alarmed at this inflationary prospect, the current impression in the Congress seems to be that the public will not object to a little creeping inflation that may result from the deficit financing necessary to underwrite the increased expenditures. The public, it is assumed, favors an increase in spending on the one hand but little or no increase in taxes on the other.

But the cruelest tax of all would be the inflation that could grow out of continued excessive deficit financing. While some persons might temporarily escape it, none could avoid the ultimate consequences of fiscal chaos if creeping inflation began to gallop. The Chinese maxim, that a journey of a thousand miles is commenced with one step, is familiar to all of us. The pending omnibus housing bill is one step in the direction of further inflation, but as I have pointed out, it is by no means the first one.

Yet the Senate Banking and Currency Committee favorably reported the bill by a 2 to 1 majority. In all probability, that vote will be a fair indication of the support the bill will receive on final passage in the Senate. As chairman of the committee that reported the bill and as one who is familiar with its provisions, I have a duty to indicate to my Senate colleagues and to all the American people what is at stake. The cost to the taxpayers of the pending bill is unnecessarily large. The Senate should adopt amendments to reduce it.

Mr. President, I thank the distinguished majority leader for having time

yielded to me to make this statement on the pending bill. I yield back the remainder of my time.

Mr. SPARKMAN. Mr. President, I suggest the absence of a quorum. I ask unanimous consent that the time for the quorum call not be charged to either side.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. AIKEN. Mr. President, I wish to have laid before the Senate my amendment identified as 6-1-61-L, and ask that it be made the pending business.

The ACTING PRESIDENT pro tempore. The amendment offered by the Senator from Vermont will be stated.

The LEGISLATIVE CLERK. It is proposed on page 60, to strike out line 12, and insert in lieu thereof the following:

"(2) striking out 'and public corporations, boards, and commissions established under the laws of any State,' and inserting in lieu thereof the following: 'public corporations, boards, and commissions established under the laws of any State, and privately owned public utilities and cooperatives providing water service to the public at rates or charges which are subject to regulation by a State regulatory body, (1)'; and".

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. AIKEN. With the understanding that I do not lose the floor, I shall be glad to yield.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. MANSFIELD. The Senator from Vermont has control of 30 minutes on that side. Is that correct?

The ACTING PRESIDENT pro tempore. Yes.

Mr. AIKEN. I yield to the Senator from South Dakota, 3 minutes.

The ACTING PRESIDENT pro tempore. The Senator from South Dakota is recognized for 3 minutes.

WHITTIER JUNIOR HIGH SCHOOL LIBERTY SCROLL

Mr. MUNDT. Mr. President, in these difficult hours in which our courage and honor is being severely tested throughout the world, there are those who call for a reassessment of our goals, a review of our works, a study of our determination—a self-examination, if you please, of whether or not we have the stamina to stand up to the problems of this fateful moment in history in which communism threatens further to increase its hold on the minds of men.

The news in past weeks has not been good. And there are many of us who are not in agreement with every action which has been taken by our administration.

But let not these disagreements here at home be the foundation for misunderstanding of our purpose by those

who would destroy us. In the desire for freedom Americans are united.

So, as our President prepares for his conference with Mr. Khrushchev, I would point out that if any reassessment, review or self-examination is needed, I would recommend that it be made by the Soviet dictator and that he look into our hearts, for there he will find that our dedication to the American principles of honor and justice is as steadfast today as it was in those dark wintry days of Valley Forge.

Mr. President, I am proud today, as an American and as a South Dakotan, to bring to the Members of the Senate a message of hope and courage from 591 of our fellow citizens, embodied in the liberty scroll which I hold in my hand.

It is a message that not only is a noble declaration of purpose, but is also a shining testimonial that the rich heritage passed on to us by the signers of our Declaration of Independence will remain safe in the hands of those to whom it is entrusted in years to come, for, Mr. President, the 591 signers of this liberty scroll are the students of Whittier Junior High School in Sioux Falls, S. Dak.

Mr. President, the principal of Whittier Junior High, Mr. Elton H. Bissell, has provided me with a copy of the scroll. The original has been sent to President Kennedy.

I think it is noteworthy to invite to the attention of my colleagues Mr. Bissell's comment in his letter to me concerning the scroll. He writes:

The teachers and other connected with the program were very gratified by the enthusiasm and sincerity the students exhibited during the entire proceedings. We were especially pleased to be reminded by the students that they are concerned about their Nation and its future. We are sure that what they have learned and participated in will be carried with them for many years to come.

These are the leaders of tomorrow, Mr. President, testifying today as to their dedication and love for this wonderful land of ours. I think their sentiment is that of the youth of America, and surely, it is adequate documentation and demonstration that young America stands ready to uphold the great traditions that are ours in this Nation as they "reaffirm and repledge our loyalty and love to the United States of America."

These are words to remember from this liberty scroll of Whittier Junior High School, and I deem it a privilege to have the opportunity to read this document and make it a part of the official proceedings here today.

Mr. President, I request unanimous consent that immediately following the scroll the names of the young Americans who signed it appear in the RECORD.

There being no objection, the scroll and signatures were ordered to be printed in the RECORD, as follows:

INSCRIPTION OF THE LOYALTY DAY LIBERTY SCROLL, WHITTIER JUNIOR HIGH, SIOUX FALLS PUBLIC SCHOOLS, SIOUX FALLS, S. DAK.

We want it known to all people that we will defend the principles of our beloved Nation from any and all who would attempt to destroy them.

We further state, that in our daily living we will foster loyalty by our actions and deeds. We firmly believe we owe undying allegiance to our country because—

1. Our forefathers fought for and won our freedoms to worship, speak, and think as we please, and our rights to life, liberty, and the pursuit of happiness.

2. Our forefathers established principles set forth in the Constitution to guarantee these freedoms.

3. Many men have given their lives preserving our liberty.

4. All of us must be aware of the threats to our freedoms and stand united against those who would destroy them.

5. Our Nation is an inspiration for those countries and peoples struggling for freedom.

6. We are proud of our country and the ideals for which it stands.

We the undersigned students of Whittier Junior High School, Sioux Falls, S. Dak., do hereby reaffirm and repledge our loyalty and love to the United States of America.

STUDENTS SIGNING LOYALTY SCROLL

Georgea Ahrenholtz, Loraine Ahrenholtz, Donald Aker, Micheal Alexander, Jack Alvey, Dale Amondson, Connie Andersen, Eloise Anderson, Griff Anderson, James Anderson, Karen Anderson, Larry Anderson, Mike Anderson, Richard Anderson, Diana Atwood, Donald Bain, Richard Baird, Donal Baker, LaRae Baker, Jim Baldwin, Marty Baldwin, Thomas Baldwin, Beverly Barrett, Susan Barrett, Daniel Barton, David Barton, Mike Bates, David Baumgard, Rose Baumgard, Larry Baumer, Barry Bayer, Cheryl Bayer, Jean Baysore, Kim Beck, Cynthia Berg, Sharon Berger, Linda Bethke, Sherry Bethke, Terry Bills, Daryl Bird, Karla Bird, Dennis Bishop, Jo Ann Bjerke, Charles Black.

Jerry Block, Gordon Boe, Jeanette Boelgaard, Maudie Boese, Edward Bohlman, Susan Bohlman, Delbert Bohms, Jeanette Booth, Jeff Bork, Lorian Bornitz, Harold Bradley, Gary Brakke, David Brandsma, Bonnie Branson, Gary Brasel, Ronnie Brasel, Luetta Brewer, Barbara Briest, Mike Briest, Barbara Brown, Betty Brown, Marie Brown, Rose Brown, Barbara Brudvig, Dale Bruining, Richard Bruns, Sandra Buchholz, Roger Buckneberg, Jim Burns, Barney Cain, Agnes Cain, Nancy Callahan, Ray Campbell, Sally Campbell, John Card, Norman Card, Judy Cauthon, Kathy Cauthon, Elizabeth Centra, Kenneth Burns, Charlotte Bush, Danny Chambers, Jacqueline Chambers, Marilyn Chester.

Dennis Christensen, Donna Christensen, Harold Christensen, James Clark, Polly Clark, Sandy Clark, Sharon Clark, Connie Clyde, Dale Clyde, Darleen Clyde, Mary Collette, Larry Corria, June Craig, Phillip Cridder, Delmar Crowe, Carol Crusinberry, Lee Crusinberry, John Cyronek, Richard Dahl, Mary Dargen, Mike Davidson, Larry Davis, Jackie Deal, Darlene DeBoer, Henrietta DeBoer, Judy Decker, Duane DeHeer, Mary DeReu, Terri DeWandel, Janie Dibben, David Dickens, Donald Dickens, Dana Dickey, DeLores Doty, Donna Doty, Daryl DuBois, Deanna DuBois, Marcia Duty, Danny East, Danny Edwards, Dianne Eichhorn, Larry Eisenbraun, Carol Eliason, Diane Elmstrand.

Danny Erickson, Sylvia Esselink, Mary Essem, Evelyn Faber, Ronald Fahy, Scott Faragher, Frank Feltis, Fredrick Fisher, Jean Flannery, Jo Flittie, Thomas Flittie, Gwendolyn Foster, Sally Foster, Barton Fountain, Dennis Fowlds, James Fowlds, Phillip Fredrickson, Barbara Freitag, Georgia Frerichs, Margaret Frerichs, Roger Frost, Arden Fay Fueston, Donna Galbavy, John Gamberg, Charles Ganzer, Phyllis Gardiner, Stephanie Garness, Steve Garritsen, Darwin Gednalske, Henry Gerike, Jerry Getman, Jerry Gibson, Diane Giedd, Kimm Gillen, Luana Gillen, Judy Gilpin, Gary Girard, Mary Kaye Grack, Edward Graham, Linda Granum, Mark

Granum, Ronald Grave, Cherylyn Gray, Sandra Green.

Carol Griffith, Russel Wayne Gulbranson, Stanley Gulbrandson, Donald Gustafson, Jeanette Gustafson, Roger Gustafson, Sharyn Haack, Dennis Haan, Michael Haan, Darry Haddican, Gerald Haddican, Gloria Haddican, Lois Haddican, Scott Haggard, James Hales, Kathleen Halverson, John Hanisch, Harold Hanson, Charles Haron, David Hardie, James Harding, David Harkema, Mary Harkness, Linda Harmer, David Harms, Lorraine Harmsen, Roger Harman, Donna Hartson, Dennis Harvey, Eugene Haugstad, Richard Hawe, Janet Hayes, Dana Heater, James Heaton, Patsy Heckenliable, Ester Heen, Roxanna Heither, Rose-ellen Heksem, Nancy Helfenstine, Edna Hembree, James Hembree, Clifford Hills, Richard Hinricks, Pearl Hoekman.

Dale Wesley, Charlotte Hoffman, Harold Hollingshea, Sandra Hollingshea, Joe Hooker, Michael Hopp, Sandra Houch, William Howlett, Diana Hubbell, Shirley Huffman, Danny Isch, Elizabeth Iverson, Dennis Jackson, Byron Jaqua, Susan Jaqua, Everett Jaus Darlene Javers, Terry Jellis, Janice Jelsema, Linda Jennings, Beverly Jensen, James Jensen, Joanne Jensen, Sherry Jensen, John Johns, LeRoy Johnson, Richard Johnson, Robert Johnson, Annice Jones, Dale Joneson, Lana Joneson, Michael Joneson, Virginia Jorgenson, Danny Jorgenson, Pamela Julius, Dennis Kadinger, Sharon Kadinger, Laura Kamben, Mark Kangas, Annajoyce Keizer, Henrietta Keyman, Patsy Kibbee, Wanda Killen.

Dianna Kimball, Frank King, Judy Kirchbach, Dennis Klitzke, Mildred Knauer, Kathleen Knopf, Arthur Koenekamp, Curtis Koepf, Lana Koepf, Priscilla Koepf, Thomas Kolb, Rite Kolbrek, Sharon Kosberg, Sharon Krohn, Larry Krueger, David Krumbach, Duane Krumbach, Angela Kuper, Susan Kupper, Dennis Kutil, Rose Ann Kutil, Michael Knusela, Sharon Kvam, Billy Laird, Judy Laird, Larry Lambert, James Landman, Jim Lang, Lawrence Lang, Everette Lanpher, Donna Larson, James Larson, Laura Larson, Linda Larson, Michael Larson, Sharon Larson, Barbara Laur, Blanche Lawhead, Merwin Lawrence, Paula Jo Lawrence, Alvin Lee, Karla Leithoff, Donald Letcher, Alma Leu, Daryl Nagel, Jim Namanny, Eleanor Nelson.

James Lewis, LeRoy Liesenger, Jerry Lips, Kathy Litz, LeAnne Lorenz, Sharon Lorenz, Stephen Lorenzen, Larry Lowe, David Madson, Walter Mager, Marie Malnoli, Thomas Malone, Marcia Maluchnik, James Marsh, Frances Martin, Francis Martin, Robert Martin, Barbara Matthies, Henry Matthies, David Mavity, Mary Mennenga, Doug Meyer, Harlan Meyer, Janet Meyer, Carol Meyerink, Diane Meyerink, Terry Midden, Audrey Mielitz, Gregory Miller, Lloydine Miller, Mary Miller, Sandra Miller, Larry Mofie, Steven Monrad, Gloria Moore, Marjorie Morris, Susan Moxnes, Colleen Mriden, Dorothy Munce, Elroy Munce, James Munce, Nolene Myers, Joan McCaffrey, Steve McCaulley, Sheldon McConnell, Danny McDonald, Judith McKecher.

Gladys Nelson, Nancy Nelson, Shirley Nelson, Byron Nesheim, Donna Ness, Harold Ness, Allen Nesson, Kandie Nickelson, Malcolm Nickelson, Barbara Nieber, Sandra Nieber, Sharon Noteboom, Michael Nowka, Larry Oakley, Karen Oberg, Patty Oberg, Clifford O'Connor, Dennis Ogdie, Richard Ogdie, Carolyn Oien, Betty Olson, Diana Olson, Gregory Olson, Larry Olson, Patricia Olson, Stanley Olson, Linda Olstad, Landis Osterberg, Sheryl Ostgaard, Peggy Paetow, Rita Paetow, Dianne Paulson, Judy Paulson, Thomas Paulson, Micheal Pesicka, Patsy Pesicka, Tommy Peters, Marlene Peterson, Millie Peterson, Rita Peterson, Frances Pickering, Pat Pickering, Mark Porter, Michael Potter, Edward Powderly, Patty Ann Powderly.

Patricia Preston, Charles Pugh, Twila Pulford, Sharon Quigley, JoAnn Questad, Ronald Raabe, Clarence Raile, Robert Redmond, David Reents, Mary Regas, Olympia Regas, John Reiter, Leonard Reiter, Shirley Rensburger, Ronald Renspie, Ronnie Reylats, Roger Reynolds, Maurida Richard, Carol Richmond, Marty Ridenour, Timothy Riley, Douglas Rima, Linda Ring, Lynn Rolfson, Maryls Rolfson, Kathleen Rollinger, Nikolaj Romanowski, Duane Rosheim, Donald Rote, Michael Rothenbuehler, Vickie Rubin, Gail Runge, Karen Runge, Karla Runge, Judy Rush, Connie Russell, Lawrence Russo, Judy St. Clair, Armond Sailer, Jimmie Sargent, Karen Saxer, Margaret Schave, Michael Schave, Cheryl Schmeyer, Nancy Schroer, Bonnie Schutt, Robert Selig, Donna Severson.

Edward Shafer, William Shaff, Craig Shav, Wayne Sherwood, Kenneth Shoop, Micheal Shoop, Walter Sichmeller, Billy Simon, Paul Simonson, Candice Skillman, Miles Skillman, Carol Skino, Constance Smith, Gerald Smith, Noreen Smith, Rolie Smith, Sandra Smith, Marlene Smithback, Robert Snapp, Jeanne Sneller, Dennis Snelling, Stephen Sona, Kathy Sowell, Roger Sowell, Marilyn Spicer, Rickford Standing, Donald Stansbury, Victor Steilow, Fred Steineke, John Stengle, Linda Stengle, Robert Sterner, Dennis Stoakes, Rosalie Stoakes, David Storevik, Donald Storgard, Billie Story, Janice Story, Patricia Stovall, Terry Strum, Roger Sunde, Carol Sundermann, Janice Sundermann, Carol Sundet, Sheryl Sundet, Linda Swiden, Virgil Taber, Tommie Tamblyn.

Rita Taylor, Roger Taylor, Gloria Tebben, Larry Tebben, Janet Theel, Robert Thesenvitz, Gary Thie, Gary Thomas, Larry Thompson, Louise Thompson, Richard Thompson, Robert Thompson, Sandra Thompson, Linda Thoreson, Sandra Thosren, Carl Thorne, Connie Thorne, James Thorne, Judy Tilden, Larry Tilden, Kent Todd, Diane Tordoff, Otis Torkelson, Mary Toussaint, Diana Tracy, Sandra Trumbull, Cheryl Turner, Jennifer Uithoven, John Uithoven, Beverly VanBerkum, Renae Vanderlinde, Eugene VanDiepen, David VanMiddendorp, Donald VanMiddendorp, Gale VanRegenmorter, Gary VanRegenmorter, Ellen Vassar, Darrell Venenga, Larry Venenga, Sadie Venenga, Barbara Vickney, Robert Vickney, Sharol Viereck, Gary Voight, Steve Waggoner, Thomas Waggoner, Janette Wagner, Sharon Wallenberg.

Donna Wallenstein, Larry Wallenstein, Bruce Wallin, Leonard Wallin, Jessica Walls, Judith Walls, Dennis Wardlow, Nancy Wardlow, Duane Waring, Rita Warring, Pamela Watne, Thomas Wehling, Susan Weinstein, David Wentzel, Bob Wesdorp, Terry Wessel, Ronnie Westlund, Peggy White, Carol Wibeto, David Wibeto, Douglas Wierenga, Gary Wiese, Barbara Wilking, Frank Willard, Larry Willer, David Williams, Diana Wills, Dean Wilson, Warren Wintrod, Cheryl Wise, Roger Wiswell, Charles Witt, Anna Wodzinski, Betty Wolf, Jerry Wolff, Michael Wosje, Wayne Yarrow, Charlotte Yesda, Larry Zierath, Richard Zirpel, Robert Ziske, Bill Ziske, Ronnie Zucker.

income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

Mr. AIKEN. Mr. President, I yield myself such time as may be necessary to explain my amendment, now pending.

Mr. President, the amendment is the result of information which I have received from the Honorable Charles R. Ross, chairman of the Vermont Public Service Board, who has brought to my attention a serious situation in the State of Vermont with respect to the problem of securing adequate financing for some 59 small, privately owned water companies.

I am sure similar situations must prevail in many other States. These companies are, in a very real sense, utilities. They are subject to regulation by the Vermont Public Service Board. In addition, there are three water cooperatives providing the same service for their members in the rural communities in which they are located.

A look at the financial record of these companies will show that their owners are not trying to get rich through this kind of enterprise. But they are providing a vital service. In nearly every case this is a very necessary community service.

Mr. Ross tells me that some of these companies are in urgent need of additional capital to make the necessary improvements to provide adequate service. Local banks and other sources of capital refuse to make any additional loans and, in one case cited by Mr. Ross, the company must amortize its small loans now outstanding over a period of 10 years.

It would seem to be extremely unrealistic to require an individual owner to furnish equity capital for utility improvements in a water system of this kind.

In one Vermont town a small system has been condemned because of lead contamination. A retired man owns the company, but he cannot get financing to lay a new system, so the customers may have to drill their own wells. Another company, with more than 300 customers, is in urgent need of additional capital to make essential improvements but private financing cannot be obtained.

It is essential that these companies be assisted in their efforts to serve their customers, and also be prepared to extend their lines and bring water to additional customers in the normal course of community development.

In other words, the community development cannot take place without the water system, and the water system cannot be put on a profitable basis without the community development. It is another case of whether the hen or the egg comes first; one is vital to the other, of course.

A listing of these companies, showing their revenues, expenses, and net income, among other basic financial data, was made by the Vermont Public Service Board last November.

Only seven of these companies gross more than \$10,000 annually, and the net income of these companies ranges be-

LEAVE OF ABSENCE

Mr. AIKEN. Mr. President, I ask unanimous consent to be absent from the Senate on official business for the first 3 days of next week.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Vermont? The Chair hears none, and it is so ordered.

HOUSING ACT OF 1961

The Senate resumed the consideration of the bill (S. 1922) to assist in the provision of housing for moderate and low

tween \$1,770 and \$7,851. Of the seven, the highest customer load is 767; the lowest is 286. The remaining private water companies in Vermont are much smaller, mostly netting profits that can be spelled out in two or three figures. Aside from these seven, none has a gross in excess of \$6,000.

Under existing law, these companies and the three Vermont cooperatives cannot qualify for public facility loans. The Housing and Home Finance Agency is only authorized to make loans to State and municipal agencies.

The situation in Vermont, in regard to our water companies, would appear to be unique in the national picture, but I feel there are several other States in the same or a similar situation. The amendment I propose to the housing bill would give relief to the Vermont water companies in regard to the situation which exists in Vermont. As I say, I am satisfied there are other States—there must be many other States—in the same or similar situation.

The change I propose would amend section 202(a) of the Housing Amendments of 1955 by including, in the authority of the Housing and Home Finance Administrator, the power to make loans to privately owned public utilities and cooperatives providing water service to the public at rates or charges which are subject to regulation by a State regulatory body.

I hope that this amendment will be accepted. It will be simple change in the law. It will create no abuse. It will only assist Vermont's small water companies and water cooperatives in their work, which is essential to the development of our rural communities.

I hope the chairman of the committee will accept the amendment.

Mr. SPARKMAN. Mr. President, I have looked over the amendment offered by the distinguished Senator from Vermont, and I have briefly discussed it with him. I should like to ask the Senator two or three questions in order to make certain that my understanding of the proposal is correct.

Do I correctly understand that the Senator's amendment would apply only to utilities? The Senator uses the terms "utilities and cooperatives," I believe.

Mr. AIKEN. Yes.

Mr. SPARKMAN. And then uses the term "providing water service."

I should like to be certain that the term "provided water service" applies both to the word "utilities" and to the word "cooperatives." In other words, I wish to be certain the Senator from Vermont is not trying to cover any type of utility other than water service companies.

Mr. AIKEN. The Senator is entirely correct. I believe that a company which provides water service to a community in my State is a public utility. At least it reports to the Public Service Commission. Its rates come under the jurisdiction of the Public Service Commission. In offering the amendment it is certainly not my intention to make any public utilities, other than those that provide water services to communities, eligible for loans.

Mr. SPARKMAN. The term "public utility" is a rather broad term, and could cover telephone companies.

Mr. AIKEN. It covers some rather important enterprises.

Mr. SPARKMAN. The term could cover electric and telephone companies and other companies of that kind. I wanted to be certain that the limiting term "providing water service" would apply only to the type of utility that the Senator is trying to reach, which is a company that provides water service.

Mr. AIKEN. I agree completely with the Senator from Alabama, who is the chairman of the subcommittee. It is my purpose to cover only utilities that are providing water service, and only the water service which is being provided by those utilities. I am interested in making the meaning absolutely clear, because I realize that a slip of type or the addition of a comma here and there would give the amendment a different meaning.

Mr. SPARKMAN. I wanted to be certain that such was the intention of the Senator. I think that a fair interpretation of the law would be as the Senator described, although a question might arise. As the Senator said, if there should be some slip in printing, the provision might become applicable to all utilities.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I will, but first I wish to make a statement. The situation is not unique so far as Vermont is concerned. While it is true that in my State practically all the water service companies are municipal bodies—and I believe the great majority of them throughout the country are—there are private companies in the State of Alabama, but they are all regulated by the Public Service Commission in our State. So the proposed amendment would apply to my State, and I am sure it would apply to other States.

Mr. AIKEN. The amendment is not intended to apply to loans for the extension of telephone service or electric lines, because provision is already made for such loans through other laws. The amendment would apply only to the making of loans for providing water service to communities.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. LAUSCHE. It is my understanding that the Senator's amendment contemplates making eligible for loans privately owned public utilities and cooperatives providing water service to the public, which companies do not now receive the benefits provided in the Community Facilities Act. Is that correct?

Mr. AIKEN. It is intended to provide loans for maintenance and extension, or providing water service to communities, and is not intended to cover other public utility services.

Mr. LAUSCHE. The provisions of the amendment would make the modified law applicable throughout the whole country, and not merely in the State of Vermont.

Mr. AIKEN. The Senator is correct. The situation may be a little accentu-

ated in the State of Vermont. Many small water companies were organized, because someone had had to provide water for a community. In most cases they are making virtually no progress in their endeavor. They come under the jurisdiction of the Vermont Public Service Board, however, so far as their rate structure is concerned. As I have pointed out, sometimes they are ordered, perhaps by the Board of Health, to make changes in their system. They do not have the necessary money to make such changes. Nevertheless, communities must have that type of service if they are to develop and grow as our small communities in Vermont are now doing.

While I have in mind the situation in the State of Vermont, I am satisfied that there must be many other States in which the same situation prevails.

Mr. LAUSCHE. To clarify for the RECORD the context of the Community Facilities Act, it provides predominantly for the making of loans; but it does contain some provisions for the making of grants, does it not?

Mr. AIKEN. Not for this purpose.

Mr. SPARKMAN. No. The Senator has in mind another provision, which provides grants to urban communities for planning purposes only.

Mr. LAUSCHE. The amendment, however, contemplates no gifts or grants to private utilities or cooperatives. It would authorize the making of loans.

Mr. AIKEN. The Senator is correct.

Mr. LAUSCHE. And such loans would be confined to utilities and cooperatives which provide water service, but would not deal with telephone companies, electric companies, or otherwise.

Mr. AIKEN. That is the intention of the amendment.

Mr. LAUSCHE. Mr. President, will the Senator from Vermont discuss a bit further the provisions of other laws which deal with loans to cooperatives? A moment ago he stated that other laws deal with telephone and other utility companies.

Mr. AIKEN. I would prefer to have the Senator from Alabama [Mr. SPARKMAN] discuss the subject of telephones and the extension of rural electric lines, because he is a specialist in the field.

Mr. SPARKMAN. The Senator from Vermont is most modest; but his statement gives me the opportunity to say that the Senator from Vermont is one of the founders and writers of the law that provides service under the Rural Electrification Act. The law provides for loans for rural electrification. Later, by an amendment that was authored by my colleague from Alabama [Mr. HILL], and of which I believe the Senator from Vermont [Mr. AIKEN] was a cosponsor, the terms of the act were extended to cover rural telephones. I presume that is the law which the Senator from Vermont had in mind. As I said, the Senator from Vermont was one of those most responsible for that act being placed on the statute books originally. He has certainly been one of its strong defenders through the years, and it has been a wonderful privilege to work with him.

Mr. AIKEN. The difference is that, insofar as the Electrification Adminis-

tration is concerned, practically all loans are made to cooperative organizations.

The loans under the rural telephone program—

Mr. SPARKMAN. They may be made to either type of utility.

Mr. AIKEN. In the northeastern part of the country they are nearly all made to privately owned telephone systems.

Mr. SPARKMAN. I believe that situation would be true generally throughout the country, although they may be made to either.

Mr. AIKEN. The rural electrification loans could have been made to privately owned companies, but those companies did not see fit to avail themselves of the opportunity. Therefore, all the REA loans are made to cooperative organizations.

Mr. SPARKMAN. I believe some private companies used REA loans for the purpose of making extensions of the rural sections.

Mr. AIKEN. They may have, but they have been doing it with regard to telephone systems.

Mr. SPARKMAN. Yes.

Mr. LAUSCHE. Is my understanding correct, that there are already in existence laws that authorize the making of loans to rural electric companies and to telephone companies, both private and public?

Mr. SPARKMAN. That is correct.

Mr. LAUSCHE. The amendment would authorize the making of loans to water service companies.

Mr. AIKEN. To private and cooperative companies. In the large cities and towns almost invariably the water system is owned by the public or the city anyway.

Mr. SPARKMAN. Such systems are already covered under the law.

Mr. AIKEN. They are already covered.

Mr. LAUSCHE. What is the interest rate which private companies would be required to pay under the amendment?

Mr. AIKEN. I am unable to answer that question. I refer the Senator's question to the Senator from Alabama [Mr. SPARKMAN].

Mr. SPARKMAN. I cannot give the interest rate accurately at this moment, but it is approximately $4\frac{1}{8}$ percent and fully compensatory to the Government.

Mr. LAUSCHE. It is fully compensatory to the Government?

Mr. SPARKMAN. Yes.

Mr. LAUSCHE. Is it set up under a formula?

Mr. SPARKMAN. Yes. That is to be found in section 203 of the act, as follows:

Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes or other obligations.

Mr. LAUSCHE. The interest provision on these loans would be different from the interest provision on the FHA loans?

Mr. AIKEN. Yes.

Mr. LAUSCHE. Would it be different from the interest provisions on the telephone loans?

Mr. SPARKMAN. Yes; because that rate is the same as the REA rate. It is different from the formula with which the Senator is familiar, for college housing loans, which, as the Senator knows, is based upon the average rate that the Government must pay on all outstanding obligations, plus one-quarter of 1 percent for administrative expenses.

Mr. LAUSCHE. What is the interest rate on REA loans now? Is it 2 percent?

Mr. SPARKMAN. The REA rate has always been 2 percent.

Mr. LAUSCHE. This would be $4\frac{1}{8}$ percent, by the application of the present formula?

Mr. SPARKMAN. I should like to call the Senator's attention to the fact that a very useful little book is on the desk of each Senator. It is entitled "Housing Legislation of 1961—Review of Federal Housing Programs." It contains a brief explanation of all housing programs under the Federal Government. I am quoting from page 103 of the book, with reference to interest rates:

The Administrator has established basic interest rates of $4\frac{1}{8}$ percent for general obligation bonds and $4\frac{1}{8}$ percent for revenue bonds or other types of obligations, effective February 2, 1961.

Mr. GRUENING. From what page is the Senator reading now?

Mr. SPARKMAN. Page 103 of the small green book. The small green books do not seem to be on the Senators' desks. They are supposed to be. There are supposed to be two books on every Senator's desk; one is the hearings, and the other the small book to which I am referring now. It was prepared by the subcommittee and covers the various housing laws. The books are being distributed now.

These basic rates apply to issues having a maturity period of 30 years or more; one-eighth of 1 percent is deducted for each full 5-year reduction from the 30-year period.

Mr. LAUSCHE. If we lend at 2 percent to rural electric companies and to telephone companies, is there not the danger that the water companies—that is, privately owned water companies—will come and ask that we lend to them at 2 percent?

Mr. AIKEN. I would very much doubt it. The rate of 2 percent for rural electric loans was fixed to enable them to extend into areas where it would be economically infeasible to extend at the regular rate of interest. It is true that many REA loans have gone into what was called skim-milk territory. These communities have been built up, and there is now a controversy as to whether or not the rate should be changed.

Mr. LAUSCHE. If the amendment is adopted, is there any contemplation of their later coming in and asking that the rate of interest be set at 2 percent?

Mr. AIKEN. I would say not; certainly definitely not on my part.

Mr. SPARKMAN. I would say that the committee would not look with favor on it. The 2-percent interest rate for

REA was set in 1935. I believe that is the date. It may have been 1934.

Mr. AIKEN. It was many years ago.

Mr. SPARKMAN. The REA Act was passed in 1935. The rate was purposely set at a subsidy rate for the purpose of pushing these lines out into areas that private companies had not found feasible to enter. Based upon the statement I have made, we need not fear ever having an application made. The low rate of interest has been in effect for 26 years, and so far as I know, no request has ever been made for that interest rate on any kind of government loan.

Mr. LAUSCHE. I am delighted to hear both Senators state that they would not subscribe to any effort to have the interest rate set at something less than what would be reimbursable to the government when it has to borrow money.

Mr. SPARKMAN. I would subscribe to that statement. I do not know, but perhaps the Senator may have been a member of the Banking and Currency Committee when the interest rate under the public facility loan program was set. The Senator was at one time a member of the committee.

Mr. LAUSCHE. No.

Mr. SPARKMAN. At any rate, we set it at what we considered to be an absolutely fair rate to the Government, which was reasonable to permit small towns and communities to be able to support these loans.

Mr. LAUSCHE. I do not suppose there is any estimate in existence of the calls that would be made for loans to help these water companies, is there?

Mr. AIKEN. I would expect that they would be rather few, because as a community grows, and gets large enough, it goes in for a municipal system. It is the small communities, of no more than a dozen or 100 houses, which are having trouble right now. Banks are not interested in making these loans, because it would take a long time to pay the loans off, and the banks can get more for their money in other investments.

Mr. SPARKMAN. I am satisfied with the amendment. I know of no opposition to it. I am glad to accept it. I ask that the Chair state the question.

The ACTING PRESIDENT pro tempore. Do both Senators yield back the remainder of their time?

Mr. AIKEN. I yield back the remainder of my time, and I thank the Senator from Alabama.

Mr. SPARKMAN. I yield back the remainder of my time.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Vermont.

The amendment was agreed to.

Mr. CLARK. Mr. President, I call up my amendment identified as "6-1-61-M."

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 59, line —, insert the following:

FELLOWSHIPS FOR CITY PLANNING AND URBAN STUDIES

SEC. 315. There is hereby authorized to be appropriated not to exceed \$500,000 annually, for a three-year period commencing on July

1, 1961, to be used by the Housing and Home Finance Administrator for the purpose of providing fellowships for the graduate training of professional city planning and urban and housing technicians and specialists as provided below. Persons shall be selected for such fellowships solely on the basis of ability. Fellowships shall be solely for training in public and private nonprofit institutions of higher education having programs of graduate study in the field of city planning or in related fields (including architecture, civil engineering, economics, municipal finance, public administration, and sociology), which programs are oriented to training for careers in city and regional planning, housing, urban renewal, and community development. The Administrator shall, in the administration of this section, consult with, and secure the advice of, the Department of Health, Education, and Welfare.

Mr. CLARK. Mr. President, I yield myself 15 minutes in support of the amendment.

Mr. President, this amendment would authorize to be appropriated not to exceed \$500,000 annually, for a 3-year period, for the purpose of providing fellowships for the graduate training of professional city planning and urban and housing technicians and specialists. These persons would be selected on the basis of ability to be trained solely in public and private nonprofit institutions of higher education having programs of graduate study in the field of city planning or in related fields. The amendment has the same purpose as section 708 of S. 57, the housing bill of 1959, which was passed by the Senate but failed of passage in the House of Representatives.

One of the crying needs for personnel in our increasingly urban civilization is in the field of city planning and related fields, such as housing, urban renewal, and the like. At the present time, some 300 technical positions in city and regional planning are unfilled. This is because there simply is not a sufficient number of persons who are qualified to fill them. This shortage arises, in part, from the newness of the field and, in part, from the competition of fellowships for graduate training in older fields, such as medicine, mathematics, physics, and chemistry. Only about 30 schools offer degrees in planning, and they are turning out about 200 graduate students this year. Most of these schools could expand their enrollments substantially, and other institutions might be willing to initiate graduate programs in planning and related fields.

The need for trained personnel in these fields will increase significantly. The President's legislative program for housing and community development will involve about \$3,500 million of Federal funds and a significant amount of local matching funds. The Federal Government, then, has a vital concern with the availability of trained personnel at the local, State, and Federal levels of government.

The rate of urban renewal activity may well double, and it is likely that there will be new programs for the preservation of open space. The problems of urban transportation, which are dealt

with for the first time in this bill, are bound to involve increasing Federal attention.

To administer these programs effectively at all levels, it is essential to have a substantial increase in the number of trained technicians. To meet this vital need, the Housing and Home Finance Administrator would, under my amendment, be authorized to undertake a program of fellowships to be financed with appropriated funds. The fellowships would be provided for graduate training in the field of city planning and in related fields, such as architecture, civil engineering, economics, municipal finance, public administration, and sociology. Accredited public and private nonprofit institutions eligible to participate in the program would be those having recognized programs in one or more of these fields oriented to training for careers in city and regional planning, housing, urban renewal, and community development.

Fellowship grants would be limited to graduate students and generally would be of not less than 1 year nor more than 3 years duration. The grants would probably range up to \$2,000 to \$3,000 an academic year. The recipients of these grants would be selected solely on the basis of their ability.

In determining which schools would be eligible, how the students would be selected, the amount of the grants, and the conditions surrounding the provision of such grants, the Housing and Home Finance Administrator would consult with and secure the advice of the Office of Education of the Department of Health, Education, and Welfare and the recognized educational and professional associations in these fields.

It may be asked why this amendment is not included in the bill as it comes to the floor; and it may also be asked why this amendment is not incorporated in either the bill to extend the National Defense Education Act or in the higher education bill which shortly will come before the Committee on Labor and Public Welfare for hearing and consideration. The answer to the first question is that this provision was omitted from the housing bill in the erroneous belief that it might be better to try to include it in one of the two educational bills. In large part, this was my fault because, as a member of the Subcommittee on Education of the Committee on Labor and Public Welfare, I suggested to the distinguished Senator from Alabama [Mr. SPARKMAN] that perhaps this scholarship proposal should be included in the education bill instead of being handled, as last year, in the housing bill. But the staff and other Senators on the Committee on Labor and Public Welfare held rather to the view that special scholarships in particular fields could best be considered in bills dealing with those fields, rather than in a general education bill. This is the way in which scholarships in scientific fields have long been handled.

By the time I was able to report back to the Senator from Alabama that it seemed wiser to handle these scholar-

ships in the housing bill, that bill was out of the committee. So at his suggestion I have prepared this amendment, which I hope he will be in a position to accept.

The amendment which I am now offering is, in fact, originally the brain child of the distinguished Senator from Alabama, who first presented it to the Subcommittee on Housing.

Mr. GRUENING. Mr. President, will the Senator from Pennsylvania yield?

Mr. CLARK. I yield.

Mr. GRUENING. Do I correctly understand the purpose of the amendment to be the training of city planners in a field where there is not a sufficient number of such qualified persons?

Mr. CLARK. The Senator is correct.

Mr. GRUENING. This is of great interest to us in Alaska, because Alaska has some young communities which are expanding. As so frequently happens, particularly on the frontier, they are expanding in a rather haphazard, helter-skelter fashion. It is obvious that city planning by competent professional city planners would be highly useful to such communities. Therefore, with Alaska's needs in mind, I am very much in favor of the amendment, if it can be usefully made applicable to my State.

Could the Senator from Pennsylvania tell me, for instance, how the University of Alaska, which is greatly concerned with the development of our young State, and destined to play an important part in assisting that development, might be included in the program? I am certain that the university authorities would be interested to know.

Mr. CLARK. I think the University of Alaska would have to provide—and for all I know, it may do so now—graduate training leading to a graduate degree in city planning, a degree which young men and women would receive upon completing their fellowships.

Mr. GRUENING. Assuming the University of Alaska has not made this preparation—because, after all, it is still a relatively youthful institution—I am interested in knowing how it could enter this field properly and render the service in community planning which would be useful and needed in Alaska.

Mr. CLARK. My suggestion—and it is a suggestion off the top of my head—is that the Senator from Alaska and other fine citizens of Alaska who are interested in this field should, perhaps, select half a dozen young men and women who have a high standing in the University of Alaska and apply for them, or have them apply, for graduate fellowships under this proposal, and attend institutions, of which there are, I think, 30, where proper instruction is given. Then they should return to Alaska and start a department of this kind in the University of Alaska.

Mr. GRUENING. I appreciate the suggestion of the Senator from Pennsylvania; I shall follow it up. For instance, in connection with the development of Alaska's big oil boom, communities in the Kenai Peninsula, such as Kenai and Soldotna, are expanding rapidly, but they are without any pro-

fessional city planning. Pretty soon they will be in a situation in which they will have wished they had planned more carefully in the beginning. It seems to me that the experts who could be trained by such a program as is contemplated by the Senator from Pennsylvania and sought by his amendment would be very helpful in Alaska and in the other 49 States, as well.

Mr. CLARK. I am very much interested in the Senator's comments, because his State is a rapidly developing one for which the future is rosy. A similar situation exists in Venezuela, where the discovery of vast new oil fields has called for the creation of a new city of somewhat more than 60,000 persons. But Venezuela has no city planners. So Venezuela has contracted with the joint urban study center created by the Massachusetts Institute of Technology and Harvard University to furnish city planners to enable the new city to be created without the headaches which are always the result of helter-skelter, unplanned growth. Perhaps the Senator from Alaska would be interested in that matter.

Mr. GRUENING. I would be very much interested in such developments. As I have said we have a similar situation in the Kenai Peninsula, where the cities of Kenai and Soldatna are mushrooming and booming because of the development of new oil wells; and in that situation, such a study and the providing of expert city planning would be very useful. So I shall be glad to look further into it.

Mr. CLARK. I thank the Senator from Alaska.

Mr. LAUSCHE. Madam President, will the Senator from Pennsylvania yield?

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). Does the Senator from Pennsylvania yield to the Senator from Ohio?

Mr. CLARK. I yield.

Mr. LAUSCHE. As I understand, the Senator's amendment contemplates authorizing the appropriation of not to exceed \$500,000 annually, for a 3-year period, beginning July 1, 1961, to be used for the purpose of providing fellowships for the graduate training of professional city planning and urban and housing technicians.

Mr. CLARK. That is correct.

Mr. LAUSCHE. On page 2 of the Senator's amendment we find the following:

Solely for * * * graduate study in the field of city planning or in related fields (including architecture, civil engineering, economics, municipal finance, public administration, and sociology)—

Mr. CLARK. I think the Senator from Ohio should read further, as follows:

which programs are oriented to training for careers in city and regional planning, housing, urban renewal, and community development.

In other words, the fellowships or grants, in connection with those provisions, must be oriented to, and must be a part of, training for careers in city and regional planning. I am sure that

the Senator from Ohio, as a result of his service as Governor of Ohio and earlier as mayor of Cleveland, knows the necessity for a really good city planner to have some knowledge of the other areas.

Mr. LAUSCHE. Yes; and I am glad to say that I established a city planning commission. But I did not envision the employment of sociologists, municipal finance men, public administration persons, and students in economics.

The PRESIDING OFFICER. The time of the Senator from Pennsylvania has expired.

Mr. CLARK. Madam President, I yield myself 5 more minutes.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 5 additional minutes.

Mr. CLARK. Madam President, let me interrupt the Senator from Ohio, in order to suggest the intention of this amendment, and I should like to make this part of the legislative history of the amendment: The studies in these related fields would be part of the course leading toward a concentrated degree in city planning; but these are peripheral areas about which a trained city planner has to know something if he is to be any good. I wish to make it very clear indeed that the matter included in parentheses in the amendment is not intended to be interpreted, and I do not believe it can properly be interpreted, as authorizing fellowships in these particular fields, divorced from the area of city planning.

Mr. LAUSCHE. Yes.

Mr. CLARK. Madam President, if I may continue briefly, let me say there is in the record of the hearings considerable testimony in support of the fellowships provided by this amendment.

Mr. LAUSCHE. Will the Senator from Pennsylvania state where that is to be found in the record?

Mr. CLARK. I call the attention of Senators to page 593, a part of the testimony of Harold Wise, chairman of the Legislative Committee of the American Institute of Planners, wherein in his fifth paragraph he discusses this scholarship question in much the same terms in which I have already discussed it.

Let me also refer the Senator from Ohio and other Senators to a letter which appears on page 600 of the hearings. The letter is addressed to the Senator from Alabama [Mr. SPARKMAN], and is signed by Mr. Corwin R. Mocine, president of the American Institute of Planners.

Madam President, I ask unanimous consent to have the letter printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AMERICAN INSTITUTE OF PLANNERS,
Washington, D.C., April 14, 1961.
Re Housing Act of 1961 S. 1478.
Hon. JOHN SPARKMAN,
Chairman, Subcommittee on Housing, U.S.
Senate Committee on Banking and Currency,
Washington, D.C.

DEAR SENATOR SPARKMAN: In furtherance of our oral testimony before your committee, we would like to submit the following for your consideration:

EDUCATION

We continue to be most concerned about the shortage of trained and experienced personnel in the fields of urban and metropolitan planning (including research and teaching positions), urban renewal, community development, and other related fields and professions.

We foresee that the programs now in operation and needed to prepare adequately for the coming expansion of our population in urban communities and to relieve oppressive conditions in our distressed urban blighted areas will not be carried out successfully unless a greater supply of people are available in the public service professions.

While we cannot speak for the quantitative needs of other professions, we believe that the annual supply of professional planners trained in our graduate schools needs to be approximately double the current output of about 200.

We also know that there is widespread interest in urban planning as a professional career, but that promising candidates are often unable to afford the expense of the 2-year postgraduate course. There are relatively few scholarships available, as is also true in certain other public service professions.

We submit the following list of needs as expressing some of the problems involved in developing an adequate professional planning educational system.

SOME NEEDS IN SUPPORT OF PLANNING EDUCATION

1. Fellowship funds are needed to encourage high caliber students to enter the field and to help reduce the manpower problem. No highly qualified candidate for graduate study in planning should have to forego the training because of financial need. In other public service professions (such as public health and social work) the need for federally financed fellowships has been recognized, and today practically all the graduate students enrolled in these two programs throughout the country benefit from Federal fellowship grants.

2. Selecting students: Tests need to be devised to assist the planning schools in the selection of students, and to make sure these fellowship funds are to be well spent. There are no adequate tests at present. A substantial sum should be made available for this purpose and some agency such as the Educational Testing Service commissioned to develop tests which would attempt to identify the attitudes and aptitudes the planning schools should be seeking in the recruitment of students.

3. Improvement of instruction: Funds are needed to facilitate improvement of instruction within the planning schools. Most planning schools are relatively new and understaffed. Many are in somewhat isolated locations and seldom benefit from the stimulation brought about by visiting professors, lecturers, and distinguished practitioners. Inadequate travel budgets at most planning schools provide little opportunity for visits to other schools, or for attending national or regional meetings where problems of planning education are discussed.

Teachers in planning schools need to compare notes and approaches relating to instruction in a variety of subjects, and need travel grants to this end.

Summer seminars are needed to bring together the outstanding teachers of planning-related subjects along with representatives of interested planning schools to discuss course content, problems, and approaches. Summer salaries as well as stipends to cover travel and subsistence would be needed to insure optimum attendance of teachers and students in such an undertaking. Such seminars could be held over a period of several years to permit discussions in depth on such subjects as theory and history one summer,

land economics and transportation another summer, etc.

Roving professorships are needed, whereby distinguished scholars and practitioners (in the pay of the Federal Government) would be made available, for a semester, on application to any planning school requesting such assistance, on the basis of demonstrated need. In this way the scarce resources in this new profession could be shared by a number of institutions.

Visiting lecturers on specific subjects from this and other countries are needed. They could be centrally selected and rotated to the educational institutions that can gain the most from them.

RESEARCH

We also continue to be appalled at the lack of support for basic and applied research to contribute insight and factual data to our housing and urban programs, except in certain problem-oriented, functional programs in the health and highway fields.

We support a strong and continued program of research and a strengthening of the role of our colleges and universities in serving this vital need.

URBAN RENEWAL POLICY

The lack of research material and data on the subject inhibits a fully adequate evaluation of the urban renewal program. Nevertheless, some guidelines are necessary to establish objectives and mark progress.

Following 2 years of intensive committee study and discussion, the board of governors of the American Institute of Planners adopted a policy statement in July 1959, with regard to urban renewal. This statement is enclosed as attachment No. 1.

We thank your committee for its interest and its diligence in the program.

Very truly yours,

CORWIN R. MOCINE,
President.

A STATEMENT OF POLICY ON URBAN RENEWAL¹

This statement assesses the current urban renewal program, its strength and weaknesses, from the viewpoint of objectives stated in the National Housing Act of 1949. The comprehensiveness of the renewal program, the workable program concept, the relation to the Federal highway program, and the scale and continuity of the program are evaluated. The need for nonurban and fringe area renewal, the role of urban design, and the need for research are discussed. Seven policy recommendations are set forth to correct present weaknesses and strengthen the program. This statement of policy is the third one issued on the subject of redevelopment and renewal, by the AIP, since the spring of 1948. The changing concepts re-

sulting from experience with the operation of this program make such continuous appraisal desirable. The statement was adopted by the AIP in July 1959.

THE OBJECTIVES OF URBAN RENEWAL

The basic objective of urban renewal is the improvement of the environment as it affects the urban inhabitant.

The ultimate objectives of the national program of urban renewal are well stated in the preamble of the National Housing Act of 1949. That act defined the objective as "the realization as soon as feasible of the goal of a decent home and suitable living environment for every American family, thus contributing to the development and redevelopment of communities and to the advancement of the growth, wealth, and security of the Nation * * * and to an economy of maximum employment, production and purchasing power."

The immediate objective of urban renewal is to reduce blight. Title I of the 1949 act, relating to slum clearance and urban redevelopment, provided a method by which this objective could be brought within reach. By making Federal grants available it filled the gap which had made State enabling legislation largely inoperative. Federal grants and loans were made part of a system of public and private, Federal, State, and local cooperation for action in blighted areas and areas threatened by blight.

THE CURRENT PROGRAM, ITS STRENGTHS AND WEAKNESSES

More comprehensive program

The objectives of urban renewal, as have been stated, are the improvement of the urban environment through the elimination of blight and the carrying out of a comprehensive urban plan. Urban renewal is the coordinated application of all municipal powers on an area basis for the execution of a master plan. The current program falls short of the objective in several important respects. First, the Federal legislation—and therefore the majority of action programs—is limited in housing. Important areas of the community are thus left without an effective means for improvement, and a spotty and unrelated program is the result. Blight and obsolescence attack the total fabric of the community and are not limited to any one category of land use. A fully effective program to eliminate blight must, therefore, be able to attack blight wherever it exists without being hampered by artificial and arbitrary limitations on the kinds of areas which can be treated.

The workable program

The Federal requirement of a workable program for the prevention of blight as a prerequisite to Federal aid for project activity is a sound one. It recognizes that if the program is to be successful, all the resources of the community—both public and private—must be effectively utilized. Again, the program often falls short of this goal. Many communities are failing to integrate fully urban renewal into the activities of local government; the Federal Government also fails to carry out its own sound philosophy. Thus we see communities spending vast sums on limited project areas which are not fundamentally related to a comprehensive plan. In other cities, clearance and rebuilding are going ahead in small areas while a lack of code enforcement and poor municipal housekeeping permit much larger areas to continue to deteriorate. A third weakness is seen in the community where renewal is not properly related to activities of the older and more traditional departments of municipal government. At a minimum, this means a waste of scarce local resources, in that local improvements are not employed as contributions to renewal. At worst, the whole future of a renewed area may be endangered through the action

of another department of local government or of a State or county government—as, for instance, when the subsequent construction of a freeway or an airport destroys the amenity of a residential area.

Relation to the highway program

This raises the subject of the relation of the urban renewal program to the Federal highway program. These are two federally instigated programs which hold the potential of a massive and permanent effect upon the form of American cities and metropolitan areas. Except for the coordination which may be supplied at the local level, however, each one is apparently operating entirely independently of the other. With a recognition of their interdependence and a clear policy at the Federal level, each of these programs could act to complement and strengthen the other. This mutual support can range all the way from urban renewal assistance in right-of-way acquisition, and the use of right-of-way clearance to eliminate blighted structures at the most elementary level, to a carefully planned and programmed employment of freeway location and redevelopment activity to recast and improve the development pattern in large sections of cities and metropolitan areas. Such imaginative and constructive joint use of the highway and urban renewal programs will only become general when there is a clear statement of Federal policy, when procedures and governmental review encourage cooperative action, and when local government recognizes the great potentialities which exist and prepares strong and meaningful general plans designed to make full use of these tremendous development tools.

The lack of a firm policy statement at the Federal level interrelating the highway and urban renewal programs undoubtedly stems from the fragmented approach of the Federal Government to local problems. It seems certain that maximum coordination, and therefore maximum efficiency and results, will only be attained when there is a Cabinet-level department in the National Government responsible for leadership, research, assistance, and coordination in seeking solutions to the many problems of the country's urban communities.

While we are on the subject of the highway program, we cannot avoid a mention of the financial resources that have been committed to it as contrasted with the support for renewal. The highway program has been enormously increased. Failure to increase urban renewal outlays as fast as those for highways argues either that the accumulated problems of urban blight are of a lesser scale than the problems of highway deficiency, or that we admit of a sudden shift in our sense of values as between ease in mobility and decency in occupancy.

Scale and continuity of program

The urban renewal program has suffered, particularly during the past 2 years, from inadequate appropriations, uncertainty as to its future, and failure of the administration to enunciate a clear and continuing policy. The magnitude of the problem in most American cities, the difficult task of providing for relocation without causing community dislocation and great human misery, and the limited financial resources which most cities can devote to the program, mean that renewal must be a long-range program conducted slowly and carefully over a period of years. The general neighborhood renewal plan technique, which Congress has wisely provided, encourages cities to plan and schedule project activity as much as 10 years in advance. The prospective authorization of citywide renewal programming will strengthen long-range planning for renewal. The refusal of the administration to commit funds or even to spell out a policy of support on a long-range basis, however, makes this advance planning uncertain or even futile.

¹ Adopted by the board of governors, July 29, 1959.

Committee members submitting the final report were William F. Lipman, James R. McCarthy, Olney G. Smith, Sydney Williams, and Corwin R. Mocine, chairman. The original committee chairman, George A. Dugger, resigned owing to absence from the country. Numerous helpful comments were received from workshop participants at the annual meeting of the institute held in New York on October 1958, and during the succeeding year from chapter corresponding members, and others.

This policy committee was one of seven national policy committees authorized by the board of governors in October 1957.

This policy statement supercedes and replaces the earlier AIP policy statement, "Statement of Principles for Federal Urban Redevelopment Legislation," spring 1918; "Statement of Policy on Urban Redevelopment," December 1953.

In order to take full advantage of urban renewal, as we have pointed out, cities must make great efforts in many directions—including recasting of codes and ordinances, reorganization of existing governmental structure, major investments of time and money in general and detailed planning, and careful integration of public works programs, municipal budgets and bonded debt programs. Cities cannot be expected to undertake such expensive, difficult and revolutionary actions in the face of the present Federal ambivalence as to the future of the program. Twenty years of experience has shown that unaided, the cities are financially incapable of dealing with urban blight except on a totally inadequate scale. If we are to accomplish the objective of a decent, safe, and sanitary home for every American family, assistance from a higher level of government must be adequate and continuous. The Federal Government has initiated the program and has encouraged cities to undertake it. This responsibility cannot now be shifted to some other level of government. In fact, to achieve a satisfactory progress in urban renewal, every level of government will have to increase its efforts.

The appropriate scale and pace for an expanded urban renewal program needs to take account of the fact that America is rapidly becoming a country of metropolitan areas.

America's domestic and foreign economies rely upon the efficiency of the great urban plant contained within these areas. Their people and their housing and community facilities are the mainspring of our national efforts in both peace and war. Accordingly, the health of these areas, in terms of urban living conditions, is vital to our national welfare.

The dimensions of a national urban renewal program must be set in terms of metropolitan housing and transportation requirements, together with the ancillary public works programs attendant upon proper metropolitan functioning. There is simply no lesser strategy possible if we are interested in survival.

The much greater priority in disposition of our national resources accorded to metropolitan renewal must be matched by efforts on a similar scale at the State and local levels. The States, in particular, must put much greater legal power and financial resources at the disposal of metropolitan renewal efforts. Cities and counties must face up to the responsibilities as well as the prerogatives of local autonomy in such matters as code enforcement, standards of development, and programming of public works. Those local jurisdictions which cooperate in metropolitan efforts should be boldly aided; those which resist or obstruct areawide efforts must be coerced.

Need for nonurban and fringe-area renewal

The necessarily enlarged program of metropolitan renewal should not obscure the fact that a substantial amount of renewal is required at the unincorporated fringes of today's metropolitan areas and in the nearby hinterlands which will become the urbanized areas of the next decade.

Past and present renewal programs have ignored the reality of nonurban slums and blight. They have similarly ignored the fact that vastly increased mobility, accessibility, and the general increase in population have created for many rural areas the most pressing developmental and renewal problems.

These rural areas often serve great metropolitan populations as seasonal recreational reservoirs, without the year-round tax base to support needed facilities and planning to accommodate such use. Such areas also often contain the irreplaceable soil, water, and forest resources upon which the national interest, in the final analysis, depends.

Unregulated developments not only blights in advance the preurban hinterland, but may

also seriously disrupt the natural regime upon which water supplies and similar resources depend. Conservation in the renewal sense of the word, therefore, cannot be restricted to urban neighborhoods. The apparatus of renewal must be refashioned to serve the demands of nonmetropolitan, even nonurban regions. Further, these demands and their solutions cannot longer be accorded greatly lowered priority by administrators and planners with an urban bias. It is true, however, that a tremendous flow of Federal funds now support the rural economy. The persistence of rural blight in the face of these expenditures argues for the reorientation of existing rural programs and their expansion to now untouched problems. Thus we could begin to cope with rural blight without further diluting the already inadequate support for urban renewal by the attempt to stretch it over all the rural areas of the Nation.

Urban design in renewal

Disorderly appearance is a recognized symptom of urban blight. Many parts of contemporary urban communities are as deficient by esthetic standards as they are when measured by social, economic, and functional standards. Urban ugliness is a liability to those who live, visit, and invest in urban areas. Improvement of the appearance of urban areas is thus a significant objective of urban renewal. Renewal offers an opportunity to secure superior urban design when relatively large areas of land are improved under coordinated design leadership and relatively uniform site and building controls.

Large-scale developers are making increasing use of architectural services, and are insisting upon the inclusion of architectural control in their disposition contracts. Renewal agencies have an even greater responsibility to the community, both in insisting on site design and architecture of superior quality in renewal plans, and in including architectural controls to guide the work of individual developers.

Unfortunately, urban renewal, even when large-scale clearance and redevelopment is included, does not necessarily insure improved urban appearance. Even where the project is economically sound, poor site planning and architecture is possible. Even good project design, if insensitive to the scale, color, and three-dimensional pattern of surrounding areas, may be destructive of the appearance of the city as a whole. Thus, urban renewal is faced with unique design challenges and responsibilities.

Naturally, urban renewal should utilize to the utmost modern advances in site planning and architecture. At the same time, the design or an urban renewal project should enhance, rather than weaken, the esthetic values inherent in the traditional structure of the surrounding city. Lastly, the design of the project should contribute to the development of an intelligible visual design for the entire urban complex. Members of the planning profession have the inescapable responsibility for preparing general urban design plans into which precise urban renewal plans can be fitted. They must insist on attention to the visual implications of project proposals, commencing at the preliminary planning stage; on a much higher order of design from both redevelopers and public authorities; and finally, on a much greater awareness by participating citizens of the benefits to be derived from conscious attention to urban appearance.

The need for research

The institute favors greatly augmented research on urban renewal, in the conviction that research will "pay off" in urban renewal no less than in rockets or automobiles.

1. A basis must be laid for better analysis of just what costs and benefits, in the broadest sense, are flowing from urban renewal activities; this analysis should distinguish

and compare the many approaches which are emerging in this rapidly changing field. Even more important, systematic study and research is needed in order to determine more clearly what should be done.

2. Great systems and chains of cities are the hallmark of this age, throughout much of the world. Sporadic interchange of ideas, experience, and of personnel trained in urban development and urban renewal between a few countries of the Atlantic community is not sufficient to provide planners with the main elements of what current world urbanization is teaching. The most critical problems of urban development and the most interesting experimentation may occur outside our own country, and almost any country may be the scene of it. The Institute stands ready to support greatly improved interchange of ideas, to examine into the best methods to accomplish this, and to work with other organizations to this end.

POLICY RECOMMENDATIONS OF THE AIP

In order to achieve an urban renewal program adequate to its high purposes and to correct the deficiencies discussed above, the following specific recommendations constitute the policy of the AIP:

1. Federal and State legislation should be broadened to allow urban renewal to attack blight wherever it is found without arbitrary limitations as to the existing or future land use.

2. The concept of the workable program should be retained and strengthened to insure that the total resources of the community are employed in the urban renewal program both to prevent and to eliminate blight, and that urban renewal is constructively related to the total urban and metropolitan complex through the instrumentality of a sound and comprehensive general plan.

3. Federal and State legislation should make specific provision and requirement for the integration of renewal with all other applicable public works programs, particularly the tremendous Federal highway program. Attainment of this objective will also depend upon improved cooperation between State and local authorities in the planning and construction of highway projects.

4. Federal support for renewal should be continued, increased, and given continuity, and State and local support increased, in order that urban renewal can become in fact what it has been in theory—a long-range, continuing program, adequate to meet the tremendous challenge of urban and metropolitan blight.

5. Although urban renewal is by definition an urban program, its scope should be broadened to enable it to accomplish vital conservation in non-urban areas and in the pre-urban fringes of metropolitan areas. This widening of scope should not, however, weaken the financial support for the existing urban program.

6. Urban general plans must include elements concerned with urban design to serve as guides for the more specific design of renewal and redevelopment projects in order that such activities may make a positive contribution to the visual enhancement of the total urban scene.

7. In order that we may bring a deeper and clearer understanding to the task of renewing and redeveloping our cities and metropolitan areas, urban research should be materially increased and an active and well-organized program should be established for exchange of information and experience with all other countries of the world.

Mr. CLARK. Madam President, I have received from William L. C. Wheaton, director of the Institute of Urban Studies at the University of Pennsylvania, and one of the outstanding experts in the entire area of housing, urban redevelopment, and city planning, a copy

of a letter which he wrote under date of May 10, to Mr. Robert C. Weaver, Administrator of the Housing and Home Finance Agency. I ask unanimous consent that the letter from Mr. Wheaton to Mr. Weaver be printed at this point in the RECORD, in connection with my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MAY 10, 1961.

MR. ROBERT C. WEAVER,
Administrator, Housing and Home Finance
Agency, Washington, D.C.

DEAR BOB: My associates in Washington have recently expressed concern that the administration appears to be reluctant to give firm support to the proposal for a special program of fellowships in graduate instruction in city planning. They tell me that the Senate committee continues to be sympathetic to a proposition which the Senate has already passed; and that there is sympathy on the House side too, which should make such legislation possible this year—with administration support. I appreciate the tactical and jurisdictional difficulties in the House. May I, for this reason, make my reasoning perfectly clear and explicit?

The need for special scholarship aid for city planning arises directly from Federal-grant programs. HHFA proposes to spend \$10 to \$20 million per year in 701 grants. It proposes to spend \$600 million per year in renewal grants of which 2 up to 3 percent will normally go for planning, or, let's say, \$10 million. Coordination with highway planning in urban areas may involve a planning expenditure of one-half percent in such areas—another \$10 million per year. Workable program and the like add to the local needs. Of course, these are just Federal aid programs. In almost every case, these are matched by local governments with other directly and indirectly generated demands for planning services. If we were to add up the needs generated by other Federal programs, we would probably get a much larger planning expenditure requirement.

In most city planning operations, we can expect \$1 out of \$4 to be for professionally trained people. At such a ratio, the U.S. Government is generating a demand for professional city planning work of \$88 million per year or more from three specific programs. If planners' average salaries were \$8,000, we might say that this demand was for an additional thousand planners.

As against this need, the schools are now turning out approximately 200 students a year. It would take 5 years for them to meet needs generated in 1 year. An inevitable result is that planning work is done by architects and engineers and other persons with only indirect preparation. We can be sure that the money will be used, whether well or poorly. The schools have a capacity to turn out more students. There are now 30 schools offering degrees in city planning; they could readily turn out 400–500 people per year if they could finance the students. They cannot get students in considerable degree because other fields offer more money for graduate scholarships. About 300 scholarships a year would fill up the present school capacity and probably generate additional equivalent capacity. It might well result in a doubling of present enrollments.

There is no serious issue over who administers a scholarship program. It is essential, however, that the program be earmarked for city planning and closely related types of graduate work. A general scholarship program for the social sciences will not meet the need. Out of every general scholarship program, about one applicant in a thousand will be a city planning applicant. I

don't believe that city planning applicants are any better or any worse than those in other fields, but ratios of students in other fields to students in city planning suggest that it would be necessary for the Federal Government to offer 300,000 scholarships or more in order to get 300 graduate students in city planning. It might be educating 700 sociologist and 10,000 physical educationists (I offer no comment on the merits) a year in order to produce 300 needed city planners. This doesn't make sense. As I understand it, HEW doesn't like to administer special purpose programs, except in health or education. The simplest way to meet this need, which is small but vital, is to authorize a special 5-year emergency program, have the HHFA receive the authority and the funds, and to have the program administered either by HEW as a special purpose program, or by HHFA directly.

As for the final issue, the scope of the program, I have argued this in terms of city planning; but there are other needs nearly as urgent. I would adhere to the existing legislative purposes. Congress has affirmed needs for housing, planning workable programs. We have a shortage of people in these fields defined by section 701; city planning, housing, urban renewal, community organization, municipal administration, and public financial programming. This spells out a range of disciplines, all of which are in short supply with low volumes of graduate students. I'd guess that 1,000 scholarships a year in these fields would meet the need. They would probably end up divided about evenly between city planning schools, public administration schools, and social work schools. If a few land economists sneaked in, everyone would be delighted.

Legislatively, I think that this might be accomplished by getting the words "graduate training" into any of the program authorizations: Section 701, section 314, the new experimental grant program. It isn't, now, a large enough requirement to justify a special authorization. It should be viewed as an incident to the grants, but be administered on an individual competition basis, with individual choice of school. A willful administrator could have this rolling well in 90 days, and even the most cautious bureaucrat, drawing on N.D.E.A. experience would be in full operation by September 1962. Can't we get this rolling this year, so that you won't face a continuing shortage of operating people in the field in 1964–65?

Cordially,

WILLIAM L. C. WHEATON.

MR. CLARK. Madam President, if I may now have the attention of the Senator from Alabama, I wonder whether he is in a position to tell me whether he will accept this amendment.

MR. SPARKMAN. Let me say that I understand that the Senator from Ohio [Mr. LAUSCHE] will have some remarks to make on the amendment, and certainly I should like to hear from him.

MR. CLARK. Would the Senator from Ohio care to take some time in opposition to the amendment? I ask just because the time available to me is running short.

MR. SPARKMAN. I am not at all sure that the Senator from Ohio is opposed to the amendment—after the explanation the Senator from Pennsylvania has given of the amendment.

MR. CLARK. We had a colloquy on the amendment.

MR. SPARKMAN. Yes; and I thought the explanation given by the Senator from Pennsylvania probably satisfied the Senator from Ohio.

MR. CLARK. I shall be indeed flattered if it has.

MR. SPARKMAN. Madam President, if the Senator from Pennsylvania will yield further, I may say that the thought occurred to me that when the Senate adopted the amendment on two or three different occasions—and one such amendment was proposed when the Senator from Ohio was a member of the subcommittee—the amendment was in rather simple language.

THE PRESIDING OFFICER. The additional time of the Senator from Pennsylvania has expired.

MR. SPARKMAN. Madam President, I am not in opposition to the amendment. If the Senator from Ohio [Mr. LAUSCHE] wishes to use the time available to the opposition, I shall be glad to defer to him.

MR. LAUSCHE. Madam President, I cannot subscribe to the amendment.

I think the suggestion originally made was a good one, namely, that the scholarship or fellowship subject shall be dealt with by one committee, instead of having scholarships proliferated in many, many separate bills.

But when many separate groups handle such matters, the consequence is that when fellowships of this type are provided by means of a bill of this type, a complete understanding of what is being done is practically incapable of being attained. Instead of looking to one bill in which fellowships are dealt with, it is necessary to look into bills dealing with very specialized fields, in order to see whether arrangements have been made in a particular field to provide fellowships for the particular function envisioned.

I simply cannot bring myself to the point of view that in our country we cannot induce American citizens to study in preparation for highly paid jobs which are to become available unless we provide them with funds for such study.

MR. CLARK. Madam President, will the Senator yield?

MR. LAUSCHE. In just one moment. The amendment of the Senator from Pennsylvania provides that the fellowship shall be only for graduate work. The provision would comprehend that the particular individual had taken his normal course and was in the position of functioning in the field in which he had studied.

MR. CLARK. Madam President, will the Senator yield at that point?

MR. LAUSCHE. Yes.

MR. CLARK. I think the amendment contemplates that the applicant for a fellowship would have received his baccalaureate and had decided to continue his studies.

I make the suggestion, with which I hope the Senator will not disagree, that financial difficulties make it very difficult indeed for many young men and women to continue graduate work, whether it be in law, medicine, public health, science, or whatever it may be, for occupations which are very much in the national interest. That is why we have had scholarship programs of long standing in the fields administered by the

National Science Foundation, in the field of public health, and in modern languages, mathematics, and science under the National Defense Education Act.

Mr. LAUSCHE. Yes.

Mr. CLARK. There are not too many of them. I was originally in favor of considering all scholarships together in a general education bill referred to the Committee on Labor and Public Welfare; but heads that I suspect were wiser than mine felt we should continue the traditional method of dealing with them separately. I somewhat reluctantly agreed, because I think there is much merit in the Senator's suggestion.

Mr. LAUSCHE. I am grateful for the contribution the Senator has made, but I feel he has made a point which I have in mind. That is, in all these new fields of operation, if initially there is a provision for scholarships, those scholarships will become proliferated.

I am inclined to the belief that there are available in our universities at the present time, basically—except for the training of planners—adequate facilities and opportunities to train architects, civil engineers, economists, municipal finance men, public administrators, and sociologists.

Mr. CLARK. I think the Senator is quite correct. I agree with him.

Mr. LAUSCHE. But I realize there is a qualification that the courses must be oriented toward training for careers in city and regional planning.

Mr. CLARK. Actually, there is conferred a special degree of master of city planning, as well as doctor of city planning, which is an advance degree.

One of the great problems facing the American system, I believe, is the staffing of freedom, that is, assuring trained personnel where they are needed to best serve the continuation of the American way of life under freedom. We must assure that foreign and domestic problems alike are dealt with by the best trained minds we can get.

Mr. LAUSCHE. I think there is great strength in what the Senator from Pennsylvania has said, except that I do not agree with him in his argument that the way to awaken in our youth a purpose and desire to improve themselves educationally is to provide them with Federal money for postgraduate scholarships and otherwise. We have provided scholarships in a substantial degree under several methods. I think we will see from now on, each year, the parade of the establishment of new types of scholarships such as those comprehended in the amendment.

Unless we induce our youth to recognize the value of preparing themselves to fight the economic problems of life through means other than the granting of money out of the Federal Treasury, I think we are going to have great difficulty ahead. I cannot believe we cannot awaken in our youth, with our many institutions of higher learning, both on the local level and on the State level, the importance of trying to gain an education and that the only way they will be induced to do so will be by saying, "Well, here is a new field. We will provide

scholarships on the Federal level." I cannot subscribe to that philosophy.

I am going to ask for a yea-and-nay vote on this amendment, I may say.

Mr. SPARKMAN. Madam President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. SPARKMAN. I hope the Senator from Ohio can see his way clear to go along with the amendment. So far as I am concerned, I would be glad to see the language simplified, in order to remove some of the fears the Senator from Ohio has expressed.

Mr. CLARK. Madam President, will the Senator yield?

Mr. SPARKMAN. In just a moment.

Mr. CLARK. I was just going to suggest eliminating some language.

Mr. SPARKMAN. Suppose we hold that matter up for the time being.

Mr. CLARK. Very well.

Mr. SPARKMAN. This is a relatively new program for city rebuilding. In fact, we have waited rather late to start it. The Senator knows that to be true. A great many of our cities have deteriorated. On the other hand, new areas have been building up. In the last 10 years, and I am sure it will continue, there has been a big migration from the rural areas to the towns, and from the towns to the suburban areas. The question of planning has become a real problem. It has been particularly difficult for, shall I say, the smaller cities to obtain adequate planning advice and help.

A limited number of persons are qualified in this field. By the way, the sad part of the story is that there is a severely limited number of institutions that give an opportunity for students to study in this field. I believe I have seen the figure that the annual output of city planners is about 200.

Mr. CLARK. The Senator is correct.

Mr. SPARKMAN. We need more.

Mr. CLARK. The Senator is correct. There are 300 city planning positions going begging right now because nobody is available to fill the jobs.

Mr. SPARKMAN. I have received letters about the problem.

Mr. LAUSCHE. Is that not a sad commentary, when we are speaking about depressions and of people who would like to have jobs and we are asked to open the spigot of the Federal Treasury to stimulate the economy?

Mr. SPARKMAN. No.

Mr. LAUSCHE. It is said on the floor of the Senate that there are 300 jobs, which have salaries attached to them of perhaps \$17,000, \$18,000, or \$20,000 a year, and qualified people to fill them are not available.

Mr. SPARKMAN. It is a sad commentary, but not upon the basis upon which the Senator places it. The sad commentary is that the people who are qualified to fill these jobs simply are not available.

What did we do in the National Defense Education Act? We recognized the problems so far as science is concerned, in regard to physics and mathematics and other courses. In those fields we felt trained men and women

were essential to national defense. We provided for scholarships.

I would have put the provision in the bill which I introduced this year, except, as the Senator has said, the Senator from Pennsylvania and I talked over the problem and he agreed to offer an amendment in the education subcommittee.

Mr. CLARK. The Senator is correct.

Mr. SPARKMAN. It was felt by the committee, as I understand the situation, that the provision did not belong in that particular bill. We would have brought it up in the committee except for that. I, therefore, suggested that the Senator offer the amendment on the floor of the Senate.

I hope very much the Senator from Ohio will permit the amendment to be agreed to.

Mr. LAUSCHE. Madam President, do I control the time in opposition?

Mr. SPARKMAN. Yes.

Mr. LAUSCHE. What are the normal salaries for such jobs? Am I correct in saying the salaries are about \$18,000 or \$20,000 a year?

Mr. CLARK. In city planning?

Mr. LAUSCHE. Yes.

Mr. CLARK. Those are pretty high figures. It depends upon the size and, to some extent, upon the wealth of the city. I think I am correct in saying that the chief of the city planning commission in Philadelphia receives about \$22,500 a year, but he has a big staff. There are many graduate city planners working for him at salaries of from \$8,000 to \$10,000 a year.

I say to my friend from Ohio, if he will indulge me another minute, that there is no shortage in his profession and mine; there is no shortage of lawyers. We do not have to provide Federal scholarships to get people to go to law schools. We do not have to provide Federal scholarships to get people to go to graduate business schools. Graduates of law schools are immediately offered positions at good salaries, so that they can anticipate making very excellent incomes for their lifetimes. The same is true with respect to people who are going into business.

However, the areas about which we are now talking, which to my way of thinking—and I believe to the way of thinking of my friend from Ohio—are as important to the flowering of American civilization as the other professions, are getting short changed.

Mr. LAUSCHE. There is a scarcity of nurses, a scarcity of engineers, a scarcity of scientists, a scarcity of doctors, a scarcity of city planners; and, according to the implications of the amendment, a scarcity of sociologists, of architects, of public administrators and of municipal finance people. The language says that the programs shall be oriented in favor of planning.

Mr. SPARKMAN. Madam President, will the Senator yield for a suggestion?

Mr. LAUSCHE. To me this discloses something vitally wrong.

Mr. CLARK. With American civilization.

Mr. LAUSCHE. Something vitally wrong in regard to the failure of students to desire to take those courses. It may be that we have set up a system in our economy so that a person can drive a truck and, because of the control of some people in the trucking industry, earn more money than a planner can earn.

Mr. CLARK. I think the Senator is quite correct. Our problem is that the rewards in certain professions are too great and the punishment is not enough, while the rewards in other professions are too little and the punishment is too great. This is an effort, in a single field, to help remedy the situation.

Mr. LAUSCHE. I shall not at this time withdraw the statement I made about a yea-and-nay vote. I should like to think about the problem and talk it over with some colleagues. It may be that I shall later change my mind.

Mr. SPARKMAN. Madam President, will the Senator yield to me?

Mr. LAUSCHE. I yield.

Mr. SPARKMAN. If it would be satisfying to the Senator, or even if the Senator insists on a yea-and-nay vote, it will be my purpose to offer an amendment, unless the Senator from Pennsylvania offers it.

Mr. CLARK. I was going to suggest a modification.

Mr. SPARKMAN. The amendment would comply with the provision the Senate passed 2 or 3 years ago. I have the language before me.

Mr. CLARK. I was going to suggest striking out the language in the parentheses on page 2.

Mr. LAUSCHE. I think that language ought to go out.

Mr. SPARKMAN. That could be done, or the language heretofore passed could be offered. I think the language within the parentheses ought to be taken out.

Mr. CLARK. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CLARK. Do I have the right to modify my own amendment?

The PRESIDING OFFICER. The Senator has a right to modify his own amendment.

Mr. CLARK. Madam President, I modify my amendment by eliminating the language within the parentheses on lines 3 through 5 of page 2 of the amendment.

Mr. LAUSCHE. I should like to ask the Senator from Pennsylvania a question.

Would that eliminate scholarships for city finance, sociology, architecture, civil engineering, and things having relationship to city planning?

Mr. CLARK. The modification would eliminate any possibility that such fellowships might have been granted under the terms of the bill. It was never my intention that they should be. The modification would make that crystal clear.

If I may have the attention of the Senator from Ohio, the language would then read "programs of graduate study in the field of city planning or in related fields, which programs are oriented to

training for careers in city and regional planning," and so forth.

Mr. LAUSCHE. I still shall ask for a yea and nay vote if the amendment is to go forward at this time, but I should like to discuss it with some of my colleagues.

ORDER FOR ADJOURNMENT UNTIL TUESDAY

Mr. SPARKMAN. Madam President, I ask unanimous consent that when the Senate concludes its deliberations today it stand in adjournment until 12 o'clock noon on Tuesday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE FEDERAL HIGHWAY SYSTEM

Mr. LAUSCHE. Madam President, I wish to use the remainder of my time to discuss the Federal highway program.

Madam President, this Congress will be remiss in its duties and responsibilities to the citizenry, especially to the millions who travel and pay for our expanding Federal highway system, if it fails to extend for another 2 years that period in which the several States may qualify themselves to receive the one-half of 1 percent bonus for uniform compliance in regulating billboards within the vicinity of these highways.

I have been informed that the House-passed highway bill does not include language for an extension, and that the Senate Committee has failed to provide such an extension.

There are now pending before the legislative bodies of a dozen or more states bills which, if enacted into law, will permit these States to receive this compliance bonus. Drafting of these bills, steering them through committees, and all the other legislative details have required much time and effort. Favorable action on these pending bills is anticipated before adjournment of those legislative bodies.

Madam President, for the Congress to fail to extend this expiration date for a reasonable period of time will likely nullify the efforts of these state legislative bodies which have been acting in good faith and with the expectancy that the Congress would not renege on its previous commitment.

Aside from the repudiation by Congress of its formerly stated policy to the States expressing desire to cooperate and receive this one-half of 1 percent bonus, the big and most conspicuous betrayal would be to the user public which would be forced to drive over modern highways literally walled in between rows and rows of distracting signs and billboards offering for sale everything from soup to nuts.

A modern Federal highway system was never meant to be an advertising medium and for Congress to permit it to be so used would be an affront upon the intelligence, privileges, and expectations of the millions of user citizens.

When those who use the Federal highway system traverse Ohio, I want them to be able to view with pleasure the beautiful countryside with its wooded

hills and rich farmlands; I also want them to see the tall corn growing in Illinois, the scenic mountain beauties of the New England States and also of the Northwest, and the broad prairies of the Midwest. That is what the American motorist wants, is willing to pay for, and expects.

Madam President, in his message to the Congress on February 28 in reference to billboard control, President Kennedy said:

I urge the Congress to extend this billboard control section for 4 more years.

The billboard lobbies have had their say. They represent a tiny but aggressive segment of our economy. I now speak in behalf of the public not only in Ohio but also in the remaining 49 States when I urge the Congress to restore the language in section 122 of the act of 1958 which would continue for at least another 2 years the one-half of 1 percent bonus to States desiring to cooperate in uniform compliance of billboard regulations.

HOUSING ACT OF 1961

The Senate resumed the consideration of the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

Mr. SPARKMAN. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SPARKMAN. The Senator from Ohio has indicated that he may ask for a yea-and-nay vote on the amendment. Under the unanimous-consent request agreed to yesterday, no yea-and-nay votes will be taken until Wednesday. Would it be in order to lay aside further consideration of the amendment until Tuesday or Wednesday at which time the Senator from Ohio could make his request for a yea-and-nay vote?

The PRESIDING OFFICER. The Chair is informed that such a request would be in order.

Mr. SPARKMAN. Madam President, I move that the amendment be laid aside for further consideration later.

The motion was agreed to.

Mr. SPARKMAN. Madam President, I offer a brief technical amendment which I send to the desk and ask to be stated.

The PRESIDING OFFICER. The amendment of the Senator from Alabama will be stated.

The LEGISLATIVE CLERK. On page 62, between lines 16 and 17 add the following:

(f) Section 203(b) is amended by adding the word "be" immediately following "which may."

Mr. SPARKMAN. Madam President, the amendment would correct a purely typographical error that was made some time ago. However, I seek control of the time in favor of the amendment, and I yield 15 minutes to the Senator from New Jersey [Mr. WILLIAMS].

THE NEED FOR MASS TRANSPORTATION

Mr. WILLIAMS of New Jersey. Madam President, I would like to say a few words on the provisions now in the housing bill, S. 1922, relating to mass transportation.

I was very pleased by the action of the Senate Banking and Currency Committee when it incorporated into the general housing bill the major provisions of the bill, S. 345, I introduced earlier this year with 18 of my colleagues from both sides of the aisle.

The mass transportation provisions of the housing bill would:

First. Broaden the 701 urban planning programs to permit the use of part of the \$100 million authorization for comprehensive mass transportation surveys and planning.

Second. Permit the use of \$50 million of the \$2.5 billion authorized for urban renewal for pilot mass transportation demonstration projects.

Third. Increase the public facility loan program to authorize an additional \$100 million in low-cost, long-term loans for facilities and equipment to preserve and improve essential mass transportation service.

I was pleased by the committee's action because I feel very strongly that this legislation touches upon one of the most important nerve centers of our national social and economic life—the movement of people and goods in and around our urban and metropolitan areas.

The hearings last year on S. 3278, the Senate's passage of that bill with strong, bipartisan support and the extensive hearings again this year have demonstrated beyond doubt the national importance of overcoming traffic congestion and the Federal interest in helping overcome that congestion by preserving and improving essential mass transportation service in our cities and towns.

It is now widely recognized that the problem of traffic congestion strikes at the heart of the economic capability of our metropolitan areas—which harbor two-thirds of our population and account for about 75 percent of our national productivity and wealth.

It chokes central city commerce and business. It lowers retail sales and burdens real estate values. It discourages investment in the central cities, thus aiding the spread of urban blight. It spawns unnecessary and costly decentralization, uprooting lives in the process. It adds to the cost of moving goods in interstate commerce. It increases accident rates and costs, and it provides a whale of a drain on our individual peace of mind. Probably never has anyone devised a more cunning device of human torture than the traffic jam.

Our cities are truly at a crossroad. The rapid increase in urban population and automobile ownership, coupled with a serious financial and physical decline in mass transportation service, demand a solution.

In that connection I believe the latest census figures with respect to automobile ownership show that there are now 95 million registered motor vehicles. Today there is one motor vehicle for every 2 Americans. We frequently see cars

bumper to bumper twice a day in every major metropolitan areas of the country.

Mr. DOUGLAS. Madam President, will the Senator yield?

Mr. WILLIAMS of New Jersey. I am happy to yield to the distinguished Senator from Illinois.

Mr. DOUGLAS. I commend the Senator from New Jersey for keeping the issue of mass transportation very much in the foreground. Is it not true that automobile transportation is about the most inefficient form of mass transportation we could have, so far as movement from the suburbs to the working places in the cities is concerned?

Mr. WILLIAMS of New Jersey. Without question it is the most inefficient, and by far the most costly way of moving people.

Mr. DOUGLAS. Per person moved, the automobile occupies too much space on the highways. The automobile requires large parking spaces in the cities. If the increase in traffic continues, will not the central cities disintegrate from having so much of their land taken for streets, super highways, and parking lots?

Mr. WILLIAMS of New Jersey. Such disintegration will come, and in some areas it has come.

Mr. DOUGLAS. Is it not true that in Los Angeles about 60 percent of the downtown area is occupied by super highways, streets, and parking lots?

Mr. WILLIAMS of New Jersey. Exactly. I believe the figure is precise. I have heard that two-thirds of the center of the city of Los Angeles is given over to facilities to take care of automobiles.

Mr. DOUGLAS. And from 35 to 50 percent in other cities, such as Cleveland, Chicago, and other areas.

Mr. WILLIAMS of New Jersey. The Senator is absolutely correct.

Mr. DOUGLAS. What is the Senator's constructive idea to help change this situation?

Mr. WILLIAMS of New Jersey. In the bill now before the Senate there is included the beginning of a program. It deals with the emergency aspect with a realistic low interest loan program to make present facilities more efficient and more responsive to our need.

Mr. DOUGLAS. In other words, the Senator proposes to keep railroads in existence.

Mr. WILLIAMS of New Jersey. Not only railroads; the provisions of the bill would also be useful to all forms of mass transportation.

Mr. DOUGLAS. Including bus transportation?

Mr. WILLIAMS of New Jersey. Exactly.

Mr. DOUGLAS. And the trolleys which remain?

Mr. WILLIAMS of New Jersey. Yes. In addition to the emergency loan program, a program is provided looking to the future, through research, study, and the demonstration of new ways of mass transportation.

Mr. DOUGLAS. There is always the possibility of monorail with cars traveling appreciably above the surface of the streets. Is that not true?

Mr. WILLIAMS of New Jersey. There are many advanced ideas that I believe should be studied; some should be tested.

Mr. DOUGLAS. The Senator from New Jersey has done a very public spirited job in pressing the issue. As one who lives in one of the metropolitan centers of our country, I can say that a change is very badly needed. What we must struggle against, of course, is the fact that the cities are underrepresented in the State legislatures, underrepresented in the House of Representatives, and not always fully represented in the Senate.

Mr. WILLIAMS of New Jersey. So long as the distinguished senior Senator from Illinois [Mr. DOUGLAS] is in the Senate, Illinois will not be underrepresented. I thank my friend for the persistent support and strength he has given to the measure in the committee and now in the Senate. I wish to add, too, that we have repeatedly received from the city of Chicago some of the most eloquent pleas for national attention to the mass transportation problem. Again, I thank the senior Senator from Illinois.

Yes, our cities are truly at a crossroad. Manifestly the problem cannot be solved by highways alone, as the President noted in his housing message. At least it cannot be solved that way without increasing the taxes for highways far beyond their present level, for we are talking about a mode of travel which can cost as much as \$100 million for one single mile of highway, which would be the case in downtown Manhattan for example.

That sounds incredible, but that is the estimate of the cost of 1 mile in the city of New York, in downtown Manhattan.

But even if we were to try with an urban highway program averaging \$10 to \$20 million a mile in high density urban areas, there is every possibility that the remedy would only succeed in killing the patient—by replacing valuable tax ratable property with nontaxable concrete and asphalt, by creating huge downtown parking demands which would further remove land for commercial and cultural purposes, and by slowly carving away the very activities that created the demand for access in the first place. That is the point the Senator from Illinois has so eloquently made.

I do not believe there is any question that most of our larger cities and towns need a certain amount of limited access highways to meet transportation needs that can be met in no other way. But improvement of more efficient and less space consuming forms of mass transportation is an absolute imperative if our cities—which are our major sources of national economic power—are to survive the onslaught of the automobile and continue as viable structures for human existence and enterprise.

The need for prompt and full-scale action by all levels of government should be evident from the mere projection of population and automobile ownership trends in the years ahead. The urban population today is over 100 million, and 90 percent of our national population growth will occur in and around our urban areas. The number of vehicles on the road today is 70 million. I indicated earlier that the last census shows

it is even more than that. By 1975, it is expected to climb to well over 100 million. In fact, in many urban areas, the cars are multiplying faster than people.

Last year a conference of transportation experts at Woods Hole, Mass., agreed that the rush-hour traffic congestion of our cities is at the limits of tolerance. What will it be like by 1975?

DECLINE IN MASS TRANSPORTATION

At the same time, in the face of these trends, the railroads, which are caught in the squeeze of declining freight revenue and increasingly high passenger deficits, are aggressively pursuing a policy of discontinuing and abandoning unprofitable commuter service just as rapidly as possible, no matter how essential the service to the economic welfare of the urban area.

Bus companies, in order to keep their head above water, are constantly pruning their most marginal and unprofitable service, throwing more and more people into their automobiles. In fact, around 300 of our smaller cities and towns have lost their bus service completely, despite the fact that in all our urban communities, large and small, half the population is not able to drive: the young, the old, the infirm and those too poor to own an automobile. This factor alone should be sufficient reason for preserving and improving our mass transportation service.

The overall trend since 1950 has been a decline of ridership on all forms of mass transportation of 38 percent, according to the American Transit Association and the Association of American Railroads.

It is important, however, to make a distinction in speaking of this downward trend for some may conclude that this is a dying and unnecessary service, not worth preserving. Most of this decline has occurred during offpeak hours and on weekends. Ridership for the home-to-work journey has declined less, and in fact is now showing an upturn in many areas. The point is that, while mass transportation may only be serving a 20-hour-a-week need, this service is absolutely essential. It is inefficient, to be sure, in that it will not be used to anywhere near capacity during offpeak hours and on weekends. But so are our highways underused in the cities at night and in many areas of the country between cities all day long. No one questions, however, that we need these roads. There should be no question that we need adequate, modern mass transportation, even if it is only used to capacity 20 hours a week.

NO ALTERNATIVE TO TRANSIT

The reason is simply that the cost of any alternative to this service would be staggering. For example, the American Municipal Association has estimated that if the five cities of New York, Chicago, Boston, Philadelphia, and Cleveland were to lose just their rail commuter service it would cost \$31 billion with 30-year, 4-percent financing to build the highways necessary to serve a comparable number of people. In New York it has been estimated that if half the people who come to work in the city by mass

transportation were to switch to private car, 10 square miles of more parking space would be required, and the street, bridge, and tunnel capacity would have to be doubled—a physical and financial impossibility.

Here in Washington, an extensive transportation survey found that by 1980, under an "auto-dominant" system, 12 to 18 lanes would be required to carry traffic from the Capitol to Wheaton. The Inner Loop would require 14 lanes. Several other corridors would require more than eight lanes. Not only would the cost be great, but excessive damage would be done to residential communities and to the character of the central area of the Nation's Capital. These findings led to the conclusions that, in the absence of substantially improved public transit, the highway system needed to serve the projected traffic volumes is hardly feasible from the engineering standpoint, and is certainly out of the question from the viewpoint of desirable regional development.

Last year a representative of the Georgia Department of Commerce testified:

In Atlanta, the northern portion of the expressway currently has 6 lanes, but has traffic sufficient to warrant 16 lanes. By 1970 this need will have jumped to at least 36 lanes. By no stretch of the imagination is it physically or financially possible to build such a facility.

The same kinds of conclusions are being drawn in city after city where comprehensive transportation studies have been undertaken. The need for mass transportation is imperative.

What is happening, however, is that the ability of private carriers to provide that service is being constantly eroded.

In the case of the railroads, their commuter service has always been a heavy deficit which has been subsidized and carried by the railroad's freight rates. The total passenger deficit rose from \$140 million in 1946 to \$723 million in 1957. But at the same time, particularly in recent years, freight traffic and revenue began to decline. These trends have forced the railroads not only to abandon and curtail their deficit-ridden passenger and commuter service, but also to increase fares, defer maintenance, and forego modernization and improvement of equipment and facilities. These actions, however, have only served to hasten the departure of the remaining passengers.

The same general trends have been afflicting our bus companies, which have to contend with the additional problem of operating on the same congested streets with the automobile, which greatly reduces the advantage of their service for many people.

If we agree that mass transportation is essential, then there is no alternative to public expenditures in some form to fill the gap of rising costs and declining revenues facing our private carriers, which is forcing them necessarily and inevitably to prune, curtail, and abandon service wherever possible.

As I have said, the alternatives are prohibitive just in terms of the addi-

tional demands that will be thrown upon our roads and highways, the increased road maintenance, and need for more traffic control and parking facilities. But perhaps just as important is the fact that these curtailments are establishing new travel habits and patterns that will be difficult and expensive to overcome.

Each year of delay adds new social and economic costs to the city, and they accumulate to a degree that make the amounts of money proposed in this bill for mass transportation seem like a trifling sum.

We have procrastinated and looked the other way too long. We must make a start now.

NOT BY RAILROADS ALONE

But we will be making a big mistake if, in making this start, we delude ourselves into thinking that our most serious problem is necessarily the rail commuter problem.

There has been a tendency, even in some major studies that have been made on the subject, to conclude that because the railroads are suffering the most serious passenger deficits and because those deficits impair the ability of the railroads to satisfactorily perform their vital role in the movement of freight in interstate commerce, the Federal Government should tailor its assistance to this particular emergency.

I think we could make no more serious mistake than to follow that advice.

I say that with strong conviction because we must recognize that rail commuter service is only one of many facets in the urban transportation complex. It is essential that rail commuter service be modernized and improved, but the success or failure of that improvement will depend largely upon the degree to which we come to grips with the whole range of factors affecting public acceptance of mass transportation, from fringe area parking to downtown transfer service. If we merely build up one component of the system and neglect the others, we are letting ourselves in for bitter and costly disappointment.

COMPONENT PARTS OF MASS TRANSPORTATION PROGRAM

The following is a list of at least most of the major elements which must be considered in undertaking any mass transportation program, in addition to the comprehensive planning and search for ways to avoid unnecessary transportation that must accompany the program:

First. Modernization of rail commuter cars and equipment.

Second. Relocation or extension or coordination of rail commuter track, stations, or terminals.

Third. Improvement of rail commuter service frequency and lowering of fares.

Fourth. Conversion of rail commuter service to rapid-transit type operation and utilization of unused freight track-age.

Fifth. Construction of new or expansion of existing rail rapid transit, either underground, surface, or elevated.

Sixth. Coordination of rail commuter service with rapid transit for interchangeable use.

Seventh. Provision of express bus service and reserved bus lanes on highways and major arteries.

Eighth. Extension of bus service to presently unprofitable low-density suburban areas.

Ninth. Improvement of bus service frequency and lower fares.

Tenth. Provision of better bus feeder and transfer service to commuter rail or rapid transit terminals and stations, including coordination of schedules.

Eleventh. Provision of fringe area parking adjacent to express bus, commuter rail or rapid transit lines.

Twelfth. Coordination among mass transportation facilities and coordination of mass transportation facilities with new highway networks.

Thirteenth. Lower taxi fares and development in downtown areas of "carveyors" or similar systems.

Fourteenth. Incorporation of feasible new technological developments into all modes of mass transportation wherever and whenever possible.

Fifteenth. Coordination of mass transportation facilities with housing, urban renewal, and other land use developments.

I have listed these factors, Madam President, because a number of people only casually aware of the purpose and intent of this legislation have been misled by the impression that the only problem is the financial jeopardy of some of the railroads and that the only purpose of the legislation is to give them assistance.

Now it is quite true that rail commuter service plays a vital role in many of the metropolitan areas of the country and that it would be utter folly if we were to allow the huge investments that have already been made to provide this service to dissolve before our eyes by a continuance of the present rapid rate of discontinuance, curtailment and abandonment that is taking place in the railroad industry.

As Lewis Mumford said in a recent NBC television white paper on the railroad problem, if we permit this to happen, we will only have to "reinvent" the railroads in the future to meet the increasing transportation demands of our metropolitan areas.

But the real issue is how we can best spend our money to ease congestion and facilitate the movement of people and goods in and around the urban and metropolitan areas. The importance of this can be seen in the fact that our capacity for economic growth is fundamentally based on our ability to move ever larger numbers of people and ever larger amounts of freight. If this ability gets bogged down in ever worsening traffic congestion, our national economic growth will suffer severely. And of course it is vitally important that we meet our total urban transportation needs at minimum cost.

With this perspective of the problem, we can see that we might be able to make more of a dent on traffic congestion by spending a given amount of

money on fringe area parking facilities than on new air-conditioned commuter cars.

It might be wiser in some instances for communities to contract for more frequent bus service in low-density suburban areas where it is not otherwise economically feasible to operate than to renovate or relocate existing rail stations nearer to today's population centers.

What we need is flexibility—flexibility to meet emergency situations if that seems necessary and flexibility to experiment with the whole range of factors that affect public acceptance of mass transportation. The legislation gives our State and local governments that flexibility to meet their own particular and differing needs. It has been suggested that we ought to give more thought to the use of large commuter helicopters. There is nothing in this legislation to prevent this avenue of exploration.

NEED FOR ACTION

Madam President, despite the strong and wide support for this legislation—including such groups as the American Municipal Association, the U.S. Conference of Mayors, the American Bankers Association, the National Association of Homebuilders, the AFL-CIO, numerous State and local chambers of commerce, the American Institute of Planners, the National Housing Conference, the Railroad Labor Executives Association, representatives of the railroad industry, and the American Transit Association representing most of the country's bus, trolley and transit companies—there are still some who believe that action on this problem should await further study.

Madam President, this problem has been studied to death. What we need is action now. And I do not know of any reputable study that argues that the provisions now in the housing bill would not be necessary in any type of long-range approach to a solution of the problem.

Just yesterday I placed in the RECORD the recommendations of some of the most recent studies that have been made and statements by some of the most eminent authorities in the field.

Why do I say we need action now? In the first place, this is not just a question of the usual detriment that accompanies delay of needed action. We are faced with a situation that is deteriorating every day, making the ultimate cost of solution more expensive. In many ways this legislation is more urgent than many of the other programs in the housing bill.

Passage of this legislation could be of considerable help in meeting some of the emergency situations that now exist in this field.

It would help reverse the extremely damaging trend toward discontinuing, curtailing, and abandoning vital rail, transit, and bus service. It would give new hope to those carriers which heretofore have seen no hope for effective recognition of their problems by any level of government, particularly the Federal Government.

But, more than anything else, this legislation would stimulate some badly

needed activity among all those involved in this problem.

For there is no question that we are now hobbling along on very creaking wheels, indeed. These creaking wheels extend far beyond the many railroads providing commuter service, generally at a loss. It extends far beyond the stagnant bus companies that are able to keep their head above water only by cutting back on their marginal service. There are creaking wheels among State and local officials who recognize the problem, but who have viewed it as hopeless or beyond their financial capacity to solve. There are creaking wheels in the ranks of the planners who have accustomed themselves to solving every transportation problem with more streets and highways for one simple reason: Federal funds for highways are readily available; funds for mass transportation are not. And there are creaking wheels in our great industries, which should be vigorously exploring new technological developments for mass transportation, but are not because there is so little market for the fruits of their research and development.

For these and many other reasons, the Senate will be doing a great service to the urban America we have become by adopting the mass transportation provisions proposed in S. 1922.

Mr. SPARKMAN. Madam President, will the Senator from New Jersey yield?

Mr. WILLIAMS of New Jersey. I yield.

Mr. SPARKMAN. As the Senator knows, last year I favored his provision for mass transportation. As a matter of fact, our committee reported it favorably, it was brought up in the Senate, and was adopted. I still favored it this year. I felt that the recommendation made by the administration, that instead of the \$100 million proposed for the loan, only \$10 million be provided—I believe that was the amount the administration proposed—

Mr. WILLIAMS of New Jersey. The administration proposed \$10 million for research, study, and administration.

Mr. SPARKMAN. For study. The administration assured us that the study would be completed and recommendations would be available to us by January 31. I felt it would be better and safer for us to go through with the study and to get the thinking of the best experts in the country on all the many problems which are involved in mass transportation, to be certain that we were charting or starting out on the proper course. I was overruled by the committee as a whole. The amendment of the Senator from New Jersey received very strong endorsement from the committee. I do not remember offhand what the vote was. The Senator may remember by what vote the committee approved his proposal.

Mr. WILLIAMS of New Jersey. As I recall, the vote in the committee was 9 for the amendment and 4 opposed to it.

Mr. SPARKMAN. Nine to four, which was a vote of better than 2 to 1 in favor of the amendment. As I recall, every Member of the minority voted for it, thus

demonstrating strong support on a bipartisan basis.

While those were my feelings, I certainly have no disposition to object to the provision or to propose any amendment to remove the Senator's proposal from the bill. So far as I am concerned, it will go right through.

I compliment and commend the Senator from New Jersey for the outstanding work he has done in sponsoring the amendment, in holding hearings, in having witnesses attended, and in preparing the case for the proposal. As I said in the committee, and as I said last year on the floor of the Senate, I believe it was one of the best prepared presentations I have ever witnessed in the committee.

Mr. WILLIAMS of New Jersey. I cannot express adequately my gratitude to the chairman of the subcommittee for his comments and cooperation, even though there was some difference as to whether we should move the transportation program now in the housing bill or separately. Last year I was very happy to propose it as separate legislation at the request of the chairman of the subcommittee. Now, however, it is a year later. The problem is critical, to the point that we feel an emergency exists and must be dealt with now.

Many persons who are now working, at the request of the President, on the studies of a full, long-range program are advocates of what we are proposing in the housing bill for that part of urban America which is so closely related to all our urban living—mass transportation.

Mr. JAVITS. Madam President, will the Senator from New Jersey yield.

Mr. WILLIAMS of New Jersey. I yield.

Mr. JAVITS. Of course, we in New York have a burning interest in the mass transportation problem. I have joined with the Senator from New Jersey in the effort to bring about aid from the Federal Government, but I wish to express my appreciation to the Senator from Alabama and to the Senator from New Jersey for their work upon this amendment. I am especially pleased that the Senator from Alabama, who is in charge of the bill, proposes to leave the language as we have proposed it, rather than to endeavor to reduce it. I believe that plenty of ideas are available. Further experimentation would only defer prompt action.

Considering the problem, the amendment will add real value to every community. It does not represent wasted money, by a long sight. These will be built-in assets, worth many times the amount the Federal Government will spend to help, in terms of the total value to our country and its capability for productive effort. Therefore, I am pleased that the Senator from Alabama has decided to let this proposal alone and is agreeable to having it included in the bill.

Mr. WILLIAMS of New Jersey. Madam President, I wish to acknowledge the fine work of the Senator from New York last year in support of the bill, in having the bill brought before the Senate, and in having it pass the Sen-

ate, and his work again this year. It has helped immeasurably to bring mass transportation into national focus. Mass transportation has been too long overlooked. We now know that it must be dealt with as a national program. The feeling across the country is unanimous in this respect. The witnesses have come from all parts of the country, both from the great metropolitan areas and the smaller communities. That is why we are dealing with this emergency here and now.

AMENDMENT OF INTERNAL REVENUE CODE OF 1954 RELATING TO NONRECOGNITION OF GAIN OR LOSS UPON CERTAIN DISTRIBUTIONS OF STOCK

Mr. WILLIAMS of New Jersey. Madam President, I introduce, for appropriate reference, a bill to amend the Internal Revenue Code of 1954, with respect to the taxation of distributions of stock made pursuant to court orders enforcing the antitrust laws.

All Senators, I am sure, are cognizant of the fact that on May 22 of this year, the Supreme Court determined by a 4 to 3 decision that E. I. du Pont de Nemours & Co. must divest itself of its vast 23-percent share of General Motors voting common stock within a 10-year period.

As chairman of the Securities Subcommittee of the Banking and Currency Committee, I have had some opportunity to study the marked effect which this Court decree would have upon the 226,640 Du Pont stockholders and the 830,873 General Motors shareholders. Moreover, the effect will be felt not only by this large group but also by the millions of mutual fund shareholders whose investment is represented, to some degree, by Du Pont and General Motors holdings.

No less significant than the number of stockholders affected is the type of stockholder who will suffer. It is my understanding that 1,234 charitable organizations, 518 educational institutions, and 119 fraternal organizations own Du Pont stock. Furthermore, there must be tens of thousands of retired citizens and widows whose meager incomes are substantially derived from Du Pont dividends.

According to a statistical survey found by the Supreme Court to have been soundly and objectively conducted, individual stockholders of Du Pont would pay income taxes at rates as high as 60 percent under the Government's plan of distribution; the taxes payable by these individuals could amount to \$1 billion, if General Motors stock was valued at \$50 per share, and approximately \$770 million, if valued at \$40 per share; and furthermore, the capital gains tax on the sale of the General Motors stock allocable to Christiana Security Co. and Delaware Realty & Investment Corp., major stockholders in Du Pont, could reach \$200 million.

A further consequence of the Court's decision will be a loss in value of both General Motors and Du Pont shares, for during this 10-year period of divestiture the market could be artificially saturated

with up to 63 million shares of General Motors stock. At the present market level, it is highly unlikely that there will be a demand for such an overabundance of this stock.

Moreover, since under present law the Du Pont shareholders will be required to pay taxes on the General Motors stock which they receive, many shareholders will have no choice but to sell this General Motors stock, in order to pay income taxes on the receipt of it. Such sales will further depress the market value of the stock.

I do not want my remarks to be interpreted as disputing the opinion of the Court. On the contrary, I agree with the conclusion of Justice Brennan when, in speaking for the majority, he said:

The divestiture only of voting rights does not seem to us to be a remedy adequate to promise elimination of the tendency of Du Pont's acquisition offensive to section 7 [of the Clayton Act].

Nevertheless, as I interpret their opinions, both the majority and the minority of the Court are gravely concerned over the tax effect which this total divestiture will have upon Du Pont stockholders.

Justice Frankfurter, in delivering the minority opinion, made the following observation with regard to the principles which a court must follow in interpreting the antitrust laws:

The weighty words of *United States v. American Tobacco Co.* (221 U.S. 106, 185) are apposite:

"In considering the subject, three dominant influences must guide our action: (1) The duty of giving complete and efficacious effect to the prohibitions of the statute; (2) the accomplishing of this result with as little injury as possible to the interest of the general public; and (3) a proper regard for the vast interests of private property which may have become vested in many persons as a result of the acquisition either by way of stock ownership or otherwise of interests in the stock or securities of the combination without any guilty knowledge or intent in any way to become actors or participants in * * * wrongs."

Like the courts, we of the Congress also must constantly have the public interest in mind. It is my belief that this bill will benefit the public interest, not only in that the Du Pont stockholders—and I may add, the stockholders of other corporations affected in a similar manner—will be relieved of an unfair tax penalty, but also in that future courts will no longer have to consider the disastrous tax effects which, under present law, their decrees of stock divestitures would produce.

Robert A. Bicks, then Acting Assistant Attorney General in charge of the Antitrust Division of the Justice Department, discussed the latter public benefit, in his statement before the House Committee on Ways and Means, July 20, 1959:

Bear in mind, the 1890 Sherman and the 1914 Clayton Acts, the basic antitrust statutes, became law before the income tax was a reality. And the landmark antitrust cases—dissolving illegal trusts and monopolies via divestiture—were largely a product of an era marked by no income tax or much lower tax rates. Indeed, there is real basis for concluding that some bench-mark antitrust divestiture cases * * * might well not

have been decreed had today's tax rates prevailed.

Further, Mr. Bicks, in his testimony before the Senate Committee on Finance, May 27, 1959, remarked:

Our view is that an appropriately fashioned tax proposal, designed to eliminate tax barriers to antitrust divestiture, would serve the ends of effective antitrust enforcement.

My conclusion, therefore, after a careful study of this proposed legislation, is that the public interest will best be served by its enactment.

The Honorable Edward H. Levi, Dean of the University of Chicago Law School, in a letter to the Senate Finance Committee, dated May 25, 1959, summarized the arguments in favor of this bill as follows:

The adoption of this correction in the Federal tax laws will help in the enforcement of antitrust policies. The same principle has been adopted in other similar areas of law such as the public utility holding company act, the bank holding company act, distributions required by the Federal Communications Commission, and in connection with reorganizations under the bankruptcy act. There seems to be no adequate reason why it should not be adopted for required antitrust divestitures.

Under the present tax law, where there is enforced divestiture, stockholders are in effect subjected to unintended and capricious penalties which are irrelevant both to the purposes of the tax law and the requirements of the antitrust laws. Even if the antitrust laws were supposed to be punitive, no one would select such penalties as appropriate. The penalties are unrelated to the amount of restraint of trade which may have been achieved. They are uneven, depending on factors which have nothing to do with antitrust. They fall on the wrong people. But the enforcement of appropriate antitrust relief is not supposed to be punitive. The wisdom of this principle is made all the clearer when relief is granted, as under section 7 of the Clayton Act, not because a monopoly has been created or because an acquisition actually has lessened competition; but rather because these consequences might occur in the future because this may be the effect. The hope of successful antitrust enforcement is that it will be accepted not as punitive but as good for American enterprise. A good case can be made out that where divestiture has taken place in the past, it has in fact been good for all, including the stockholders of the companies involved. Under the present tax situation, this would not be true.

Courts have been reluctant for understandable reasons to require divestiture. At best divestiture is an adventure into the unknown with uncertain consequences with respect to efficiency in many cases. It is an extreme step and the present unintended tax situation will make courts and interested parties less likely to take the step even when it is necessary to restore an industry to a position in harmony with the antitrust laws.

This bill, in plain language, would permit a virtually tax-free transfer of the General Motors segment of the Du Pont corporate entity to the Du Pont stockholders without the severe tax bite which would result under present law. If, of course, the Du Pont shareholder who received his percentage of General Motors decided to sell this General Motors stock, he would pay the resulting tax for this transfer, as would anyone else selling stock.

The measure which I am proposing is not intended to relieve the shareholders of Du Pont and General Motors only. On the contrary, my bill is designed to meet a general need, as well as a specific one. Consequently, shareholders of other corporations affected by similar antitrust decisions, will likewise be protected from corresponding tax penalties.

Legislation of the type which I am proposing would not be without precedent. As long ago as 1938, Congress acted to postpone, until the recipient sold his stock, the tax on distributions made in obedience to orders of the Securities and Exchange Commission under the Public Utility Holding Company Act.

As recently as 1956, Congress applied this principle to the Bank Holding Company Act, with respect to involuntary distributions required by that legislation.

The bill which I am introducing is very technical in nature. However, it is a bill which was approved as section 13 of H.R. 5547 by the Senate Finance Committee, last year. The bill, as reported, was generally similar to S. 200, introduced by former Senator Frear of Delaware. In the hectic closing days of the Congress, last year, this proposed legislation failed to proceed beyond the Senate Calendar.

The Supreme Court has directed that the district court enter an order requiring Du Pont to file within 60 days a proposed judgment providing for a complete divestiture of its General Motors stock, to commence within 90 days, and to be completed within not to exceed 10 years of the effective date of the district court's judgment.

In the light of this decree, I hope Congress will act with dispatch to insure that justice be done to the millions of Americans who will be adversely affected.

Madam President, I introduce the bill and request its appropriate reference.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 2013) to amend the Internal Revenue Code of 1954 with respect to the taxation of distributions of stock made pursuant to court orders enforcing the antitrust laws, introduced by Mr. WILLIAMS of New Jersey, was received, read twice by its title, and referred to the Committee on Finance.

HOUSING ACT OF 1961

The Senate resumed the consideration of the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

Mr. SPARKMAN. Madam President, I know of no opposition to this amendment. I yield back the remainder of the time available to me, in connection with the amendment.

The PRESIDING OFFICER. Without objection, all remaining time on the amendment is yielded back.

The question is on agreeing to the amendment of the Senator from Ala-

bama on page 62, between lines 16 and 17.

The amendment was agreed to. Mr. SPARKMAN. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SPARKMAN. Madam President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. Madam President, I ask unanimous consent that the time used in the quorum call which has just been had not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. Madam President, I ask unanimous consent that the Senator from Missouri [Mr. SYMINGTON] may be recognized for very brief remarks, without the time being charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

MILITARY DATA STUDIES

Mr. SYMINGTON. Madam President, an article yesterday by an able newspaperman, Richard Fryklund of the Washington Evening Star, states that Secretary McNamara found that reports made for the individual services by private research companies, and paid for with the taxpayers' money, were not only withheld from the other services, but also from him.

The article then states:

Some of the problems growing out of the practice of turning military research over to private contractors were aired this week by the Johns Hopkins University Operations Research Office, which works for the Army. The O.R.O. is being disbanded because the Army and Johns Hopkins are mutually dissatisfied.

The article continues:

O.R.O. people were displeased in part because the several hundred research groups were attacking problems for the services without a chance to exchange information outside the service that hired them.

Then the article says:

Mr. McNamara was reported to be displeased to find that some of the important research findings never reached him. So on April 15 he directed the services to send a copy of each report to him and to Deputy Secretary of Defense Gilpatric. The order applies to all reports submitted after April 1.

In other words, the Secretary of Defense now has the desire, and believes he has the right, to find out what is going on in the Department which he has sworn to administer to the best of his ability.

Apparently this annoyed some, because the article continues:

Some research people expect complications to arise from the McNamara order. They point out that some of the raw material used in the studies is given to the researchers by the military services with the proviso that no one outside the service involved will see it.

This occurs, they explain, when a service wants a study done to back up its position before the Joint Chiefs of Staff but doesn't want the other services or even the Office of Secretary of Defense to get all the information the report contains.

In other words, if the article is correct the services do not want the other services, or the Secretary of Defense, to know the details of why a certain position is taken before the Joint Chiefs of Staff.

It is felt that either "the services may hold back data from their own contractors," or that the situation will "lead to development of subterfuges whereby the services would receive research results in some form other than formal reports."

Two questions come to mind:

First. Who will pay for these informal research developments?

Second. Does the Secretary of Defense have the right to know what is going on in his Department?

I ask unanimous consent that an article in the Washington Star of Thursday, June 1, entitled "McNamara To See All Military Data Studies," be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

McNAMARA TO SEE ALL MILITARY DATA STUDIES
(By Richard Fryklund)

Secretary of Defense McNamara has ordered that he be given a copy of every report done for the services by private research companies, it was learned today.

His order was designed to help break down restrictions on the flow of information inside the Pentagon. Before the change, a study done for one service usually was not shown to the other services or the Secretary of Defense.

Some of the problems growing out of the practice of turning military research over to private contractors were aired this week by the Johns Hopkins University Operations Research Office, which works for the Army. The ORO is being disbanded because the Army and Johns Hopkins are mutually dissatisfied.

ORO people were displeased in part because the several hundred research groups were attacking problems for the services without a chance to exchange information outside the service that hired them.

Mr. McNamara was reported to be displeased to find that some of the important research findings never reached him. So on April 15 he directed the services to send a copy of each report to him and to Deputy Secretary of Defense Gilpatric. The order applies to all reports submitted after April 1.

Some research people expect complications to arise from the McNamara order. They point out that some of the raw material used in the studies is given to the researchers by the military services with the proviso that no one outside the service involved will see it.

This occurs, they explain, when a service wants a study done to back up its position before the Joint Chiefs of Staff but doesn't want the other services or even the office of Secretary of Defense to get all the information the report contains.

They speculate privately that the compulsory circulation of reports could work out as a handicap to research, because the services may hold back data from their own contractors, or lead to development of subterfuges whereby the services would receive research results in some form other than formal reports.

HOUSING ACT OF 1961

The Senate resumed the consideration of the bill (S. 1922) to assist in the provision of housing for moderate- and low-income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

Mr. SPARKMAN. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SPARKMAN. Madam President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. Madam President, I ask unanimous consent that the time consumed for the call of the roll not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. YARBOROUGH. Madam President, I offer an amendment to S. 1922, and ask to have it stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 84, beginning with line 11, it is proposed to strike out all through line 8 on page 87 and to insert in lieu thereof the following:

VETERANS' ADMINISTRATION HOME LOANS

SEC. 706. (a) (1) Section 1803 of title 38, United States Code, is amended by striking out subsection (a) and inserting in lieu thereof the following:

"(a) (1) Any loan to a World War II or Korean-conflict veteran, if made within the applicable period prescribed in paragraph (3) of this subsection for any of the purposes, and in compliance with the provisions, specified in this chapter is automatically guaranteed by the United States in an amount not more than 60 per centum of the loan if the loan is made for any of the purposes specified in section 1810 of this title and not more than 50 per centum of the loan if the loan is for any of the purposes specified in section 1812, 1813, or 1814 of this title.

"(2) If a loan report or an application for loan guaranty relating to a loan under this chapter is received by the Administrator before the date of the expiration of the veteran's entitlement, the loan may be guaranteed or insured under the provisions of this chapter after such date.

"(3) (A) A World War II veteran's entitlement to the benefits of this chapter will expire as follows:

"(i) ten years from the date of discharge or release from the last period of active duty of the veteran, any part of which occurred during World War II, plus an additional period equal to one year for each four months of active duty performed by the veteran during World War II, except that entitlement shall not continue in any case after July 25, 1967, nor shall entitlement expire in any case prior to July 25, 1962; or

"(ii) on July 25, 1967, for a veteran discharged or released for a service-connected disability from a period of active duty, any part of which occurred during World War II.

"(B) A Korean conflict veteran's entitlement to the benefits of this chapter will expire as follows:

"(i) ten years from the date of discharge or release from the last period of active duty of the veteran, any part of which occurred during the Korean conflict, plus an additional period equal to one year for each four months of active duty performed by the veteran during the Korean conflict, except that entitlement shall not continue in any case after January 31, 1975, nor shall entitlement expire in any case prior to January 31, 1965; or

"(ii) on January 31, 1975, for a veteran discharged or released for a service-connected disability from a period of active duty, any part of which occurred during the Korean conflict."

(2) The last sentence of section 1802 (b) of title 38, United States Code, is amended to read as follows: "Entitlement restored under this subsection may be used by a World War II veteran at any time before July 26, 1967, and by a Korean conflict veteran at any time before February 1, 1975."

(3) Section 1814 (b) of title 38, United States Code, is amended (1) by striking out paragraph (3); (2) by striking out "; and" at the end of paragraph (2) and inserting a period; and (3) by inserting "and" after the semicolon at the end of paragraph (1).

(b) Paragraphs (2) and (3) of subsection (d) of section 1811 of title 38, United States Code, are amended by striking out "\$13,500", wherever it appears in such paragraphs, and inserting in lieu thereof "\$15,000".

(c) Subsection (h) of such section 1811 is amended to read as follows:

"(h) No loan may be made under this section to any veteran after the expiration of his entitlement pursuant to section 1803 (a) (3) of this title except pursuant to a commitment issued by the Administrator before such entitlement expires."

On page 87, line 9, strike out "(b) (1)" and insert in lieu thereof "(d) (1)".

The PRESIDING OFFICER. How much time does the Senator yield himself?

Mr. YARBOROUGH. Are 2 minutes available?

Mr. SPARKMAN. Under the unanimous-consent agreement the Senator from Texas has control of the time, and is allotted 30 minutes.

Mr. YARBOROUGH. If I have 30 minutes at my disposal, I shall probably use 4 minutes instead of 2.

The amendment has two purposes. First, it would extend the guarantee loan program for World War II veterans until July 25, 1967, and for Korean conflict veterans until January 31, 1975. The extension would make the new termination dates on the guarantee program conform with the termination dates on the direct loan program now contained in the omnibus housing bill. The amendment would establish a formula for termination of entitlement of guaranteed loans. Under the formula the entitlement of World War II veterans would be 10 years from the date of discharge during World War II, plus one additional year of extension for each 4 months of active service performed during World War II.

The same formula in principle would apply to the termination of the entitlement for veterans of the Korean conflict. Of course, the years would be moved forward.

The bill (S. 1922) contains an identical formula regarding termination of entitlement for direct loans.

Madam President, under Senate rules the Veterans' Subcommittee has jurisdiction over the guaranteed loan program. Direct loans come under the jurisdiction of the subcommittee headed by the distinguished Senator from Alabama. So all I offer is an amendment to bring that portion of the bill under the jurisdiction of the Veterans' subcommittee in order to bring that provision in the bill in line with the dates already determined and fixed in S. 1922 by the subcommittee headed by the distinguished Senator from Alabama. The subject was thoroughly covered in the committee hearings.

The amendment would eliminate the climactic condition test to qualify for the \$15,000 loan, and would have the effect of providing an across-the-board increase from \$13,500 to \$15,000 on the maximum amount of a direct loan.

To date 34 percent of World War II veterans and 19 percent of the Korean conflict veterans have used their GI loan entitlements, which leaves more than 9 million World War II veterans and nearly 4 million Korean conflict veterans in civilian life who have not used their loan entitlements. There were approximately 15½ million World War II veterans with entitlements. About 6½ million have built housing under the GI bill; approximately 9 million have not. The amendment would extend the time limitation so that the 9 million might have an opportunity to build housing. I think it would be good for the economy.

During the past 2 years the activity in the guaranteed loan program has declined steadily, due primarily to the unavailability of mortgage lending funds for GI financing. Fewer loans were made and guaranteed in 1960 than in any year since 1946, when the program got underway. In the peak year of the program, 1955, there were 392,870 housing starts under the VA's inspection procedure and that same year there were 669,058 applications for loans. In 1960, by contrast, there were only 74,609 housing starts and only 141,744 applications.

Mr. CAPEHART. Madam President, will the Senator yield?

Mr. YARBOROUGH. I yield.

Mr. CAPEHART. Are the provisions of the amendment confined entirely to housing?

Mr. YARBOROUGH. Yes.

Mr. CAPEHART. It would simply extend the time in which loans could be made?

Mr. YARBOROUGH. The time would be extended for veterans to apply for guaranteed loans.

Mr. CAPEHART. It would extend the time under which veterans could apply under the G.I. Housing Act?

Mr. YARBOROUGH. Yes, for guaranteed loans. The direct loan provision is under another jurisdiction.

Mr. CAPEHART. To what extent would the amendment liberalize the existing law?

Mr. YARBOROUGH. It would liberalize none of the money provisions of the law. It would extend the time in which

veterans may obtain guaranteed loans. The amendment I offer is not a direct loan provision. It is only a guarantee of loans that would be provided by private industry.

Mr. CAPEHART. The liberalization is confined to the extension of time?

Mr. YARBOROUGH. Yes.

Mr. CAPEHART. And not to the extension of down-payments, amounts, interest rates, or anything of that kind?

Mr. YARBOROUGH. Not under my amendment.

Mr. CAPEHART. I am speaking exclusively of the amendment of the Senator from Texas.

Mr. YARBOROUGH. My amendment would provide an across-the-board increase of direct loans, increasing the maximum amount of direct loans from \$13,500 to \$15,000. The amendment does contain that one feature. Other than that provision, no monetary change is provided.

Mr. SPARKMAN. The Senator has said that it extends the time. I think it is well to point out also that the effect of the Senator's amendment and also the effect of the provision that we wrote into our bill is not only to extend the time but also to phase out the program. In other words, we provide for the first time a schedule for bringing both of these programs to an end. Is that not true?

Mr. YARBOROUGH. Yes; by giving credit for the length of time a veteran has served. He has a 10-year extension in the first place, and then a 1-year extension for each 4 months of service. That is to phase out the program. It is really more of a terminal facility in the present bill than we have had in any of the past bills.

Mr. SPARKMAN. We have in the past simply extended it for a certain time, but always with the intention of extending it again.

Mr. YARBOROUGH. Yes; without a phase-out formula such as the Senator's committee has written into the bill.

Mr. SPARKMAN. Yes; we have written it into the bill now pending before the Senate, and the Senator from Texas has written it into his amendment. His amendment further consolidates our provision in the bill with the amendment which comes from the Senator's committee.

Mr. YARBOROUGH. It consolidates them into one, and relieves us of the burden of passing two laws and then reconciling them. The provision is written into one act.

Mr. SPARKMAN. With reference to the increase in the amount of the loan that would be made, from \$13,500 to \$15,000, the Senator from Indiana will recall that we wrote that provision in, but limited it to climatic conditions. The Veterans' Administration felt that it would be rather difficult of administration, and expressed the preference that, if we make an increase, we make it across the board. I do not believe \$15,000 is an unreasonable limit to place on a house that is to be built for veterans. The amendment offered by the Senator from Texas is a good one.

Because of the difference in jurisdiction, not between committees in the Senate, but as between the House and the Senate, whereby the Veterans Committee of the House handles this type of legislation, and in the Senate the Banking and Currency Committee handles the direct loan part of the legislation and the Committee on Labor and Public Welfare handles the GI guarantee part, we have frequently in the past handled legislation in this way—we have passed it as a part of our omnibus housing bill, and after we had concluded action on the bill we have taken from the desk a bill previously passed by the House and have stricken out all after the enacting clause in that bill and insterted in lieu thereof the language that we have written into the Senate committee bill. Then it went to conference, or it went back to the House. There is such a bill lying on the desk at the present time. It was passed by the House 3 or 4 weeks ago, and it has been held at the desk for this very reason. It will be my purpose, after we have completed action on the pending bill, assuming that the language which has been offered is agreed to, to ask that the House bill be taken up and that the language that we have agreed to be inserted in the House bill in lieu of the one that came from the House.

I am certainly in favor of the amendment, and if there is no opposition, I am ready for a vote on the amendment.

Mr. YARBOROUGH. Madam President, at this time I would like to submit, for insertion in the RECORD, a 10-year table showing the trends in housing starts under the VA program, appraisal requests and home loan applications. I ask unanimous consent that this table be printed in the RECORD.

More direct loans were made to veterans in 1960 than in any previous year. The VA approved 30,560 loans amounting to \$308,770,000. This was possible because of the additional appropriation of \$100 million authorized by Public Law 86-73, approved June 30, 1959. Despite this record number of direct loans, there were, as of January 31, 1961, 30,383 veterans on the waiting list for direct loans. I have information that 279 veterans from my own State are now on the waiting list for direct loans.

There is no question that our veterans are good risks when it comes to loans. Full repayment of 30 percent of the 5.6 million GI home loans has been made since the program was launched in 1944. This is certainly a commendable record on the part of the veterans who have been granted loans, and is a very good reason for extending and expanding their rights to these loans.

The Chief Executive, in his message of March 9, 1961, relative to our Nation's housing pointed out that—

The highest interest rates prevailing in the past few years made it impossible for many veterans to use their right to obtain guaranteed 5¼-percent loans to purchase housing.

He also indicated that to make guaranteed loans more attractive to private lenders it is essential to bring down long-term mortgage lending rates and

that steps have been and are being taken in that direction. Because of the importance of existing Federal programs, however, and in order to allow sufficient time for planning, the Chief Executive recommended an extension of the loan guaranty programs. In extending the program he also recommended that emphasis be placed on veterans who served the longest and most recently. This bill is designed to carry out those provisions.

The economy today, in many areas, is sluggish and, as pointed out earlier, housing starts were down sharply in 1960, especially in the VA sector. GI loan financing has stimulated the housing industry in record years past. This occurred after the extension of the program in April 1958, a year during which we were in a recessionary period. There is every reason to feel an extension of the bill at this time will spur the economy.

Madam President, it is my earnest hope that the Senate will take swift and favorable action on the extension bill. I am certain that if it is passed many of the World War II and Korean conflict veterans who have not used their loan benefit will enter the housing market and this influx of new building will stimulate the residential construction industry and consequently will have an invigorating effect on the entire economy.

Madam President, I ask unanimous consent that a table prepared by the Veterans' Administration showing a State-by-State breakdown on the number of veterans who have participated in the housing loan program and the number who have not used their loan benefits be printed in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

	Housing starts under VA's inspection procedure	Appraisal requests		Applications for home loan guarantee
		Proposed units	Existing units	
1951	148,634	164,365	225,694	377,530
1952	141,274	226,299	224,194	312,908
1953	156,616	251,437	233,239	322,780
1954	307,038	535,412	383,351	527,851
1955	392,870	620,776	392,895	669,058
1956	270,675	401,520	308,208	507,144
1957	128,302	159,399	92,962	248,827
1958	102,105	234,236	105,066	181,842
1959	109,297	233,984	95,706	208,305
1960	74,609	142,925	69,332	141,744

Estimated veteran participation in VA loan program, cumulative as of Dec. 31, 1960

Regional office	World War II and Korean conflict veteran population	Veterans who have used their entitlement	Veterans with unused entitlement
Total	19,695,000	6,058,932	13,636,068
REGIONAL OFFICES			
Alabama: Montgomery	322,000	80,482	241,518
Alaska: Juneau	13,000	1,240	11,760
Arizona: Phoenix	128,000	35,058	92,942
Arkansas: Little Rock	179,000	34,354	144,646
California:			
Los Angeles	1,000,000	467,249	532,751
San Francisco	734,000	305,902	428,098

Estimated veteran participation in VA loan program, cumulative as of Dec. 31, 1960—Continued

Regional office	World War II and Korean conflict veteran population	Veterans who have used their entitlement	Veterans with unused entitlement
REGIONAL OFFICES—cont.			
Colorado: ¹ Denver	195,000	79,251	115,749
Connecticut: Hartford	281,000	86,242	194,758
Delaware: Wilmington	46,000	23,779	22,221
Florida: Pass-A-Grille	484,000	152,154	331,846
Georgia: Atlanta	368,000	110,589	257,411
Hawaii: Honolulu	57,000	7,901	49,099
Idaho: ² Boise	69,000	18,634	50,366
Illinois: Chicago	1,202,000	237,775	964,225
Indiana: Indianapolis	453,000	118,562	334,438
Iowa: ² Des Moines	289,000	78,591	210,409
Kansas: ² Wichita	190,000	57,739	132,261
Kentucky: Louisville	320,000	56,342	263,658
Louisiana: New Orleans	298,000	76,552	221,448
Maine: ² Togus	107,000	28,627	78,373
Maryland: Baltimore	285,000	99,901	185,099
Massachusetts: Boston	567,000	282,551	284,449
Michigan: Detroit	875,000	228,307	646,693
Minnesota: St. Paul	356,000	122,710	233,290
Mississippi: Jackson ²	193,000	40,968	152,032
Missouri:			
Kansas City	242,000	85,471	156,529
St. Louis	286,000	61,459	224,541
Montana: Fort Harrison ²	74,000	15,843	58,157
Nebraska: Lincoln	155,000	29,670	125,330
Nevada: Reno ²	27,000	4,388	22,612
New Hampshire: Manchester	75,000	34,844	40,156
New Jersey: Newark	708,000	291,996	416,004
New Mexico: Albuquerque	93,000	35,619	57,381
New York:			
Buffalo	267,000	120,143	146,857
New York	1,449,000	471,302	977,698
Syracuse	184,000	76,453	107,547
North Carolina: Winston-Salem	442,000	77,079	364,921
North Dakota: Fargo ²	86,000	15,368	70,632
Ohio:			
Cincinnati	457,000	114,346	342,654
Cleveland	620,000	172,637	447,363
Oklahoma: Muskogee	267,000	101,696	165,304
Oregon: Portland	216,000	38,005	177,995
Pennsylvania:			
Philadelphia	488,000	204,842	283,158
Pittsburgh	592,000	143,008	448,992
Wilkes-Barre	357,000	83,335	273,665
Puerto Rico: San Juan ²	106,000	6,772	99,228
Rhode Island: Providence	159,000	40,341	118,659
South Carolina: Columbia	218,000	43,220	174,780
South Dakota: Sioux Falls ²	73,000	15,464	57,536
Tennessee: Nashville	374,000	98,961	275,039
Texas:			
Dallas	418,000	124,414	293,586
Houston	236,000	102,454	133,546
Lubbock	155,000	65,141	89,859
San Antonio	191,000	66,107	124,893
Utah: Salt Lake City	96,000	30,586	65,414
Vermont: White River Junction ²	41,000	16,866	24,134
Virginia: Roanoke	373,000	90,509	282,491
Washington: Seattle	307,000	119,305	187,695
West Virginia: Huntington	219,000	28,025	190,975
Wisconsin: Milwaukee	405,000	94,888	310,112
Wyoming: Cheyenne ²	31,000	10,403	20,597
VETERANS BENEFITS OFFICE			
District of Columbia: Washington	197,000	96,512	100,488

¹ Regional office activity at VA center (RO-DO).

² Regional office activity at VA center (RO-H).

Mr. SPARKMAN. I am willing to accept the amendment.

The PRESIDING OFFICER. Do the Senators yield back the remainder of their time?

Mr. SPARKMAN. I yield back the remainder of my time.

Mr. YARBOROUGH. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Texas. The amendment was agreed to.

Mr. CAPEHART. Madam President, I have been supporting housing legisla-

tion for 17 years. Generally speaking, I believe that our housing legislation has been practical, workable, and reasonable. However, there are some features in the bill before the Senate at which I think the Senate should take a good long look and ought to understand.

The PRESIDING OFFICER. The time is limited. Does the Senator intend to offer an amendment?

Mr. CAPEHART. First, let me say that I will speak for 10 minutes on the bill. I yield myself 10 minutes on the bill.

I should like to ask the acting majority leader a question. The unanimous consent agreement, which is printed, and which was agreed to on yesterday, is not quite clear to me in one respect. It states that if there are any yeas-and-nays votes they will come on Wednesday. I have 11 amendments at the desk, which have been printed. Is it my intention to offer the amendments. Of course, if I am successful in having my first amendment adopted, it will not be necessary to offer four or five other amendments. Should I ask for unanimous consent to have a yeas-and-nays vote ordered on each amendment on Wednesday?

Mr. DIRKSEN. If I may make a suggestion, if the Senator did not get the yeas-and-nays votes ordered on all amendments, assuming that it could be done, the Senator might be in difficulty when it came to withdrawing the request, because there might be objection. I believe it would expediate matters if in every case when an amendment is offered the Senator at that point ask for the yeas and nays.

Mr. CAPEHART. If my first amendment shall be agreed to, there will be no necessity for offering five other amendments which are printed and lying on the desk. The unanimous-consent agreement states that we cannot have a yeas-and-nays vote today, but must defer it until Wednesday. I do not want to be estopped from having a yeas-and-nays vote.

Mr. SPARKMAN. Madam President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. SPARKMAN. My suggestion would be that the Senator take up such amendments as he cares to this afternoon, and to discuss them, but to defer until Wednesday the question of asking for a yeas-and-nays vote.

Mr. DIRKSEN. That is understood.

Mr. SPARKMAN. It is understood that there will be no yeas-and-nays vote until Wednesday, but I would suggest that the Senator defer his request for a yeas-and-nays vote.

Mr. DIRKSEN. We have had difficulty on occasion when a unanimous consent request was made to order the yeas and nays. There was objection on the ground that it was not good practice to ask unanimous consent for the yeas and nays. Under the circumstances, in order to protect the rule, I would ask my friend from Indiana to take up each amendment in turn and then, if he asks for the yeas and nays, to have the vote go over until Wednesday, under the existing consent agreement.

Mr. CAPEHART. I would like to read the wording of the last paragraph of the unanimous-consent agreement. It reads:

Ordered further, That in case a yea-and-nay vote is ordered on any amendment, action on that amendment will go over until Wednesday, June 7.

Mr. SPARKMAN. Madam President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. SPARKMAN. We have already handled one amendment today in this way. The Senator involved said that he might ask for the yeas and nays on the amendment. We used all time for debate on it today. Then we laid it aside until Wednesday, at which time the Senator may ask for the yeas and nays.

Mr. CAPEHART. There is only 1 hour for debate allowed today. Then on Wednesday 30 minutes are provided for debate on any amendment. My parliamentary question is this. May I ask unanimous consent to have the yeas and nays ordered on my 11 amendments on Wednesday?

The PRESIDING OFFICER. It is the policy not to ask for the yeas and nays by unanimous consent. It is possible to debate the amendment today and then to ask that the yea-and-nay vote go over until Wednesday.

Mr. CAPEHART. One may ask unanimous consent for a yea-and-nay vote on an amendment without debating the amendment. It is not necessary to debate the amendment in order to get unanimous consent for a yea-and-nay vote.

Mr. SPARKMAN. Madam President, it seems to me there is a very simple answer; that is, to debate the amendment as much as the Senator wishes to do so this afternoon and then simply ask that the vote be deferred until Wednesday.

Mr. CAPEHART. That is what I am doing now. I do not have to debate the amendment in order to ask for the yeas and nays. I am asking now for a yea-and-nay vote on Wednesday on all 11 of my amendments.

Mr. DIRKSEN. Madam President, I shall have to object. I think it would not be in consonance with the understanding we have had about ordering the yeas and nays. If the distinguished Senator from Indiana wishes to offer an amendment and then ask for the yeas and nays, I shall help him get them. That is in conformity with the rule. He does not have to debate the amendment, if he does not so desire. Fifteen minutes will be allotted to each side on Wednesday, when the amendment is called up. But each amendment ought to be offered in turn, and the yeas and nays ought to be requested, under the existing rule. I shall be more than happy to help the Senator get the yeas and nays.

Mr. CAPEHART. Madam President, I send to the desk 11 amendments and ask that the yeas and nays be ordered as of Wednesday. All I am trying to do is to protect myself on Wednesday, to make certain that I will have a yea-and-nay vote on any amendment.

Mr. SPARKMAN. Madam President, if the Senator will defer until Wednesday his request for the yeas and nays, he will then have an ample opportunity to get them, and I will join with the minority leader in helping the Senator to get them.

Mr. CAPEHART. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Indiana will state it.

Mr. CAPEHART. The wording of the last paragraph of the unanimous-consent agreement is as follows:

That in case a yea-and-nay vote is ordered on any amendment, action on that amendment will go over until Wednesday.

What do the words "go over" mean?

The PRESIDING OFFICER. "Debate" does not mean action, but if the yeas and nays are ordered on an amendment, the vote automatically goes over until Wednesday.

Mr. CAPEHART. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Indiana will state it.

Mr. CAPEHART. Under the unanimous-consent agreement, may I offer as many amendments as I care to on Wednesday and ask for yea-and-nay votes upon them?

The PRESIDING OFFICER. Amendments may be offered at any time until the third reading. There is no agreement concerning when amendments may be offered.

Mr. CAPEHART. In other words, I may offer as many amendments as I wish on Wednesday and ask for yea-and-nay votes on them?

The PRESIDING OFFICER. If action on the bill has not been completed.

Mr. CAPEHART. That is understood, of course.

Mr. SPARKMAN. Madam President, is it not true, however, that if the Senator from Indiana waits until Wednesday, the time for the debate on an amendment will be less than the amount of time allotted for debate today?

The PRESIDING OFFICER. If the amendment is not offered until Wednesday, the time on the amendment will be limited to 1 hour.

Mr. DIRKSEN. I think, with the majority leader, that we had a very clear understanding. It was hoped that discussion on many of the prospective amendments could be carried to a conclusion today. On some amendments a voice vote might be requested, and they could be disposed of. However, if a request were made for a yea-and-nay vote, and there were an adequate showing of hands, that vote would go over until Wednesday.

In addition, on amendments considered before Wednesday, and on which a yea-and-nay vote had been asked, 15 minutes on a side was allotted, so that the Senate might be refreshed concerning the nature of the amendment.

With respect to any other amendment not theretofore offered, which came new before the Senate on Wednesday, debate would still be limited to 1 hour, 30 minutes to a side.

Mr. CAPEHART. Madam President—

Mr. DIRKSEN. Just a moment. I have the floor.

Mr. CAPEHART. The Senator from Illinois does not have the floor; I have the floor, but I will yield to the Senator.

Mr. DIRKSEN. If the Senator from Indiana will bear with me for just a moment, if he withholds all his amendments today and offers them on Wednesday, there will still be 1 hour on each amendment, 30 minutes to a side.

The PRESIDING OFFICER. The minority leader has correctly stated the agreement.

Mr. CAPEHART. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Indiana will state it.

Mr. CAPEHART. Will the debate on amendments on Wednesday be limited to 30 minutes or to 1 hour?

The PRESIDING OFFICER. The debate on any amendment offered on Wednesday will be limited to 1 hour.

Mr. CAPEHART. By withholding all these amendments until Wednesday and offering them then, and having the yeas and nays ordered, the time limitation will be 1 hour on each amendment?

The PRESIDING OFFICER. The Senator is correct.

Mr. SPARKMAN. I thank the Chair. I suggest that the Senator from Indiana call up his amendment designated "6-1-61-D" in the hope that we may be able to reach an agreement on it. I do not know whether the Senator is agreeable to that. I have suggested to him a compromise which seems to be entirely reasonable.

Mr. CAPEHART. What is the substance of that amendment?

The PRESIDING OFFICER. The 10 minutes which the Senator from Indiana has yielded himself have expired.

Mr. CAPEHART. Madam President, I yield myself another 10 minutes. I send to the desk my amendment designated "6-1-61-D" and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 15, line 8, it is proposed to strike out "\$10,000" and insert in lieu thereof "\$7,000".

On page 15, line 24, strike out "twenty-five" and insert in lieu thereof "fifteen".

Mr. CAPEHART. Madam President, I withdraw my request for 10 minutes on the bill and will speak on the amendment. I allow myself 10 minutes.

Mr. SPARKMAN. Madam President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. SPARKMAN. As I have indicated previously to the Senator, I would be agreeable to a modification along this line, which I believe is entirely reasonable.

Mr. DIRKSEN. Madam President, are we operating now on time yielded on the amendment?

The PRESIDING OFFICER. On the amendment.

Mr. DIRKSEN. I thank the Chair.

Mr. SPARKMAN. The \$10,000 limitation, I think, is entirely reasonable as to amount, because if a rehabilitation program is to be carried out, that amount will be needed.

I am agreeable to reducing the term of years. As I understand, the Senator's proposal is to reduce it to 15 years. That is perhaps too drastic. I suggest 20 years. I hope the Senator will agree to that modification.

Mr. CAPEHART. Madam President, for some 20 years the so-called repair or rehabilitation section has been in the FHA laws or the housing laws. Under that section, a homeowner could go to his local bank and borrow up to \$3,500 over a 5-year period to repair or rehabilitate his house. The bank would lend the money, and the Federal Government would guarantee up to 90 percent of any loss, the bank assuming 10 percent of any loss. But the homeowner—the individual—did business directly with his own bank. That was private industry and private banking. The only part which the Federal Government played was if a default occurred. Then the Federal Government would assume 90 percent of the loss, and the bank 10 percent. That policy has been in effect for many years and, generally speaking, has been successful, particularly after the act was amended, following the so-called FHA hearings in 1954, when a number of abuses were found to be taking place under this particular section. However, since that time that part of the law has been operating successfully.

What is proposed to be done by the amendment—and this is one of the reasons why I want the Senate to pay particular attention to this feature—is to keep the existing law up to \$3,500, with 90 percent of any loss guaranteed by the Federal Government, 10 percent by the bank, and then to add a new section, in which we will say to the people of the United States, "The Federal Government will lend to you directly from the Federal Treasury at an interest rate of 0 percent, and FNMA will pick up the commitment."

The loans would be made directly, not through banks; and that would put the Federal Government into the business of making loans directly to homeowners, in amounts up to \$10,000; and the loans could be made without any security, for the bill does not specifically require or mandate that the Administrator obtain any security other than a note; that would be left to the discretion of the Administrator of the law. Furthermore, such a loan of up to \$10,000 could be made on any one unit; and up to \$10,000 could be spent on the rehabilitation of a home, although the money would have to be used for the actual rehabilitation of the home. Not more than \$10,000 could be obtained, and the repayment could be made over a period of 25 years.

In addition—and possibly this is one of the worst features of this section—a businessman who might own 500 apartments—individual units—or 500 houses which he was renting, could rehabilitate each of them to the extent of \$10,000 each, and could obtain the money direct-

ly from the Federal Government, with repayment over a period of 25 years. To my way of thinking, such an arrangement simply would not be good business.

The \$3,500 5-year plan has been successful, I believe. Why should a change now be made from the \$3,500 to \$10,000, and from the 5 years to 25 years; and why should bank participation be eliminated, by having the loans made directly by the Federal Government.

To me, such an arrangement simply does not make sense.

So the amendment I have submitted would reduce the amount from \$10,000 to \$7,000, and would reduce the period from 25 years to 15 years—which I think is very, very liberal; \$7,000 is twice as much as we are lending now, and 15 years is three times as long as the period we are allowing at the moment.

Madam President, who arrived at the decision to have the bill provide for a 25-year period and for loans of up to \$10,000? Senators cannot find in the hearings any testimony in favor of such a proposal by anyone who had any yardstick or any formula which called for 25 years or \$10,000. That arrangement is just part of the grandiose scheme to spend the taxpayers money, put the Federal Government further into the lives of the American people, and take business away from private industry. There has been no testimony by anyone who particularly demanded such an arrangement; there has been no testimony on the part of anyone who particularly wanted such an arrangement. This is just another one of the very liberal schemes which was added by the new director of the Housing and Home Finance Agency, without any rhyme or reason at all—just a part of the general, overall scheme in this country to further inject the Federal Government into American business and further inject the Federal Government into the lives of American citizens, by subsidizing the housing industry, through the Federal Government.

If this is to be done, at least it might be limited to individuals and to private homes. Why is this also proposed to be done for a millionaire owner of 1,000 apartments or 1,000 homes? Many businessmen and corporations in this country own, for rental purposes, dozens, and in many instances hundreds, of individual homes, and hundreds and hundreds of apartments. Yet this bill would permit them to obtain up to \$10,000 for each home and each unit, and to obtain the money directly from the Federal Government, on a 25-year term; and nothing in the proposed legislation would tie up the security.

The PRESIDING OFFICER. The 10 minutes the Senator from Indiana yielded to himself have expired.

Mr. CAPEHART. Madam President, I yield myself another 10 minutes.

The PRESIDING OFFICER. The Senator from Indiana may proceed for an additional 10 minutes.

Mr. CAPEHART. Furthermore, Madam President, nothing in the proposed arrangement would require any security other than a note. Of course, if the Administrator wished to do so, he could

require a first mortgage from one person, and could require a second mortgage from another person; but there is no mandatory requirement for that.

Another thing that I do not like about the proposed legislation is that the Administrator could play favorites.

One man who wished to borrow might be required by the Administrator to take out a first mortgage; another prospective borrower might be allowed to obtain the funds on the basis of a straight note.

This proposal is another sample of the kind of legislation the Congress has enacted during recent years—legislation giving a blank check to whoever would administer the law. He would be told, "You can do this for one, and you can decide not to do it for another."

Madam President, I think that even my own amendment is too liberal; I think \$7,000 is too liberal, and I think 15 years is too long a term. But I thought the amendment a good compromise.

This proposal would be a new feature in our legislation in this field; we have never done anything of this sort before. Yet it is proposed that we begin with a 25-year term.

When the first FHA bill was enacted under President Roosevelt—and I ask Senators to correct me if I am in error about this—the term allowed for a new house was only 20 years, I believe. If those who originated the FHA idea 25 years ago thought the mortgages on new houses should be limited to 20-year terms, then why is it believed, today, that a term of up to 25 years is proper in connection with the rehabilitation or repair of a house or an apartment?

Another feature of this section which I do not think good is the one which provides that the Administrator can allow almost any kind of rehabilitation to be done—for instance, the building of a swimming pool or porches or additions; or a person could buy a new house, if he wishes, for \$15,000, and the next day could spend \$10,000 on a new porch or on more rooms, and could be allowed a period of 25 years in which to repay the loan.

Madam President, what is the purpose of this proposal? I do not think anyone can find in the hearings any testimony which would show any reason for this proposal. I can see some virtue in it if it is done on what I call a sane and sound basis. In other words, possibly for the rehabilitation of individual homes, for individuals, to the extent of perhaps \$7,000, although I think that amount too large. I am thinking now in terms of persons with low incomes and persons with houses worth, let us say, up to \$15,000 or \$20,000. Up to those amounts, we might loan them up to \$7,000—which my amendment calls for, although I think it is still too liberal—for a period of 15 years, which, again, I think is possibly too liberal, too long. But it is a compromise, for it is 10 years less than 25 years; and possibly that might be all right, if it were limited to such persons and to individual housing.

But it is proposed to permit persons who own homes for rental purposes and

apartment purposes to do it. My attention has been called to a statement in the report, on page 10, which reads:

To demonstrate the effect of the proposal—

That is the proposal in the act we are considering—

a homeowner could obtain a \$5,000 home improvement loan repayable over a period of 15 years with a monthly payment of \$43.77. This example is based on a 5½ percent interest rate, one-half percent insurance premium, and a one-half percent service charge. If this same loan had a maturity of 25 years, the monthly payment would be only \$33.68.

So it can be seen that the payments are being gotten to quite a low point, but there is only a \$10-a-month difference.

My amendment would reduce the loan which could be made to \$7,000. I do not know what else can be said about the unsoundness of the proposal with regard to the act we are considering. I want to repeat what we are doing. For 20 years we have had a program providing for loans up to \$3,500, over 5 years, in which there was insured a loan which was made through local banking institutions, and in which the Federal Government guaranteed to absorb 90 percent of the loss of the bank, if one occurred. The banks serviced the loans. They handled the whole procedure. The Federal Government had nothing to do with the loan whatsoever, unless there was a loss.

Now we are keeping that provision as a part of the act and are adding a new section which provides the money will be loaned for a period up to 25 years, but no specific security on the loan is mandated. It is also proposed to lend up to \$10,000, and to provide that a businessman who owns many rental houses can get a loan of up to \$10,000 on each home. Also, a businessman who owns many apartment buildings will be able to get a loan of \$10,000 on each unit. A person might be able to get a loan of \$1 million for a period of 25 years, and the Administrator could, or he might not, get a first or second mortgage on a property.

I ask this question, and I wish the Senate would consider it very, very carefully: If the program has been successful to date—and it has been—under a provision of loans up to \$3,500 for 5 years, why, all at once and overnight, is it proposed to extend the period of the loans up to 25 years—a period five times as long as the present period provided—and provide for the lending of \$10,000—which is nearly three times as much as the loans presently provided for—when we are keeping the old part of the act we are considering, unless it is just to push the Federal Government into business?

Madam President, I withhold my request for the yeas and nays.

Mr. JAVITS. Madam President, will the Senator yield 2 or 3 minutes to me?

Mr. CAPEHART. Madam President, I yield 3 minutes to the Senator from New York on the amendment.

RECENT CRITICISM OF HELEN HAYES

Mr. JAVITS. Madam President, I wish to call to the attention of the Senate a brief flurry which apparently has

gotten some notice in the press, and which involves Helen Hayes, the first lady of the American theater, who, as I think everyone knows, is traveling with a company of players, under the auspices of the international cultural exchange program conducted under the President's fund. She has been performing in three plays, one of which is the Thornton Wilder play "Skin of Your Teeth," and another of which is "The Glass Menagerie." Those plays have been shown in many countries of the world. That company is now engaged for a Latin American tour which promises to be successful, too. I have put in the RECORD laudatory articles from the press in other countries, as well as laudatory articles by John Crosby in New York and Dick Coe in Washington.

Apparently, in the other body of Congress a statement was made yesterday which had some reflection upon Helen Hayes as an artist and indicated that she was less than patriotic because, it was said, she was getting a salary of \$2,500 a week for participating in these plays.

Mr. Lawrence Langner, longtime director of the Theater Guild Foundation, which sponsors the plays, has asked me to set the record straight on this matter. I have known Helen Hayes for some time. She was the wife of Charles McArthur, with whom I had the privilege of serving in the Army. I think it is really unfair to write down her tremendous efforts in the different countries on our behalf. The fact is, I am advised, that she is getting \$1,500 a week, which is the figure set for her salary by the Foundation putting on the plays. Artists generally who appear in this particular cultural program, I am told, have received salaries, and this is, for Miss Hayes, a modest salary. She turned down, I am told, two firm offers for appearances at the same time which would have brought to her \$250,000, in order to make possible the tour which she is taking, and she turned down several offers so that she could take the Latin American tour. The tour we are speaking of, which has brought so much credit to our country, would not have been possible except for Miss Hayes' willingness to head it as the leading player. Without her it would not have had the viability it has. Also, it is perfectly logical that some modest compensation should be given to the people who participate, who generally are not wealthy enough to participate for months without any compensation.

It seems unfair to me to criticize Helen Hayes, the beloved first lady of the theater in America, under the circumstances which I have described, and which perhaps, were not known before.

Helen Hayes has received ovations and decorations from the heads of government in Europe for her great artistry in her travels through many countries as she has performed under the cultural program, which has helped our country so very much.

Her valiant, tireless efforts on this arduous tour, the energy expended, not only in performances, but in countless meetings with cultural groups in each

country, her unfailing attendance at every embassy function, her daily interviews with the foreign press, radio, and television, is a record of cultural ambassadorship for which she should receive great credit.

I hope, as both parts of the record are read, the part of the record I have made here today and the reference in the record of the other body, there may be a fair appraisal made of the question in terms of the contributions of Helen Hayes and her high patriotism.

IDAHO HIGH SCHOOL BOYS PLUG DIKE ON KOOTENAI RIVER

Mr. CAPEHART. Madam President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Indiana has 8 minutes remaining.

Mr. CAPEHART. Eight minutes out of 30?

The PRESIDING OFFICER. The Senator is correct.

Mr. CAPEHART. I yield 2 minutes to the able Senator from Idaho.

Mr. DWORSHAK. Madam President, events in my home State are not frequently reported on the national wire services. However, Idaho has been very much in the news in the past week. Our National Guard units were called out to guard nationwide communications systems which were dynamited in nearby Utah and Nevada. Other National Guard units were rushed to the north Idaho community of Bonners Ferry to hold the dikes against the raging Kootenai River. Great concern is expressed by those across the Nation dependent upon Idaho crops as evidence of a very serious drought continues to mount. Idaho calamities are making news.

However, an Associated Press dispatch which was printed in the Washington Post May 31 was one which I am much pleased to bring to the attention of my colleagues. Every day we hear criticism of today's youth. They are disparaged when compared with the youth of history. However, the Post story gives an account of a heroic deed of 24 Bonners Ferry High School youths that could have come out of the pages of history in any age and be pointed to with pride. I am certain that my fellow Idahoans are joining with me in commending these boys for their courage and sense of responsibility.

I ask unanimous consent that the story from the Washington Post giving the account of 24 boys plugging a dike against a raging river, and an Associated Press dispatch by Earle Jester, concerning the vagaries of nature in Idaho, be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, May 31, 1961]
TWENTY-FOUR BOYS PLUG DAM WITH BACKS

BONNERS FERRY, IDAHO, May 30.—Two dozen high school boys are credited with using their backs to put on a modern version of the Dutch finger-in-dike legend.

The boys were assigned to fill sandbags along the swollen Kootenai River at Myrtle Creek yesterday after a woman had called to

report water was flowing across her farmland. A break was discovered in the dirt dike but there was a delay until dump trucks and sandbag crews could fill the breach.

The boys volunteered to wade into the chilly water. They locked arms and formed a double human chain which slowed the surge of river water through the dike break.

The breach was repaired and the rich farmland saved from serious flooding.

"It was a dramatic job," said Gilbert R. Bean, public information officer for the Army Corps of Engineers, which is directing the flood fight. "Some of those boys really took a beating from that cold water."

The Kootenai, fed by late-melting snow, flooded 800 acres of farmland and for a time threatened the town of Bonners Ferry itself before beginning to drop yesterday without ever reaching a predicted dangerous crest of 37.5 feet. It read 36.68 feet at mid-morning.

NORTH, SOUTH—WILL THE DRAIN EVER MEET?

(By Earle L. Jester)

BOISE.—Too much water in the north; not enough in the south.

That has been Idaho's situation for many years. Can anything be done about it?

Probably not.

Although some diversion proposals have been suggested which are possible from an engineering standpoint, none ever has been declared economically feasible.

Ironically, while Federal and State agencies now are exploring every possible means of increasing the supply of irrigation water in southern Idaho, other Federal and State agencies are fighting against too much water in the north.

In the south the prospect is for stream runoffs of as little as 30 percent of normal.

Some reservoirs will be dry before the middle of the summer and irrigation water will be gone by July 4. There will be only one crop of hay; grains cannot be matured; pastures will turn brown.

In northern Idaho, the Kootenai River is flooding several thousand acres of river bottom land and is licking at the top of dikes which protect rich farmland and the community of Bonners Ferry.

Workmen from the Army Corps of Engineers and emergency crews from units of the Idaho National Guard, mobilized by order of Gov. Robert E. Smylie, are seeking frantically to keep the muddy, debris-laden water in check.

That water could mean the saving of farm crops in the south, the difference between disastrous losses and financial success to the farmer.

George Carter, Idaho State reclamation engineer and veteran of many years of service with State and Federal reclamation agencies, says that over the years many schemes have been proposed to get that wasted water in the north onto the arid acres in the south.

"But they're all just dreams, so far," he adds.

Mr. MANSFIELD. Madam President, will the Senator from Alabama yield me 1 minute?

Mr. SPARKMAN. I yield 1 minute to the Senator from Montana.

Mr. MANSFIELD. I commend the distinguished Senator from Idaho for the remarks he has made and for the articles he has asked to have printed in the *RECORD*. The 24 high school boys from Bonner's Ferry, Idaho, are to be commended, because they are collectively the modern example of the Dutch boy who put his hand in the dike and stopped the sea from coming in and flooding the area in which he and his parents lived.

I express the hope to my distinguished friend, the senior Senator from Idaho,

that this will bring home to our friends in Canada the importance of and the need for the Libby Dam, because every year the people of northern Idaho are plagued by such floods. If we can get Libby Dam built, and we have already done our full share in this country through ratification of the treaty, then we would not have these flood conditions on the Kootenai every year. Again I commend the Senator from Idaho.

HOUSING ACT OF 1961

The Senate resumed the consideration of the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

Mr. SPARKMAN. Madam President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from Alabama is recognized for 10 minutes.

Mr. SPARKMAN. Madam President, the amendment offered by the Senator from Indiana would not eliminate the home rehabilitation program but would cut it down severely. In the bill we propose a maximum of \$10,000 and a maximum term of 25 years.

I have indicated to the Senator from Indiana that if he would be willing to accept a compromise I would be willing to lower the term to 20 years. I do not believe the maximum amount should be lowered.

I should like to make this very clear. The Senator spoke about our longtime program of home improvement loans under title 1 of the Housing Act. This has been a remarkably good program. I noticed in the report only a few moments ago the amount which had been loaned in that program during the time it has been in existence. The extent to which it has been used is simply amazing. Over 24 million loans have been made totaling close to \$14 billion in amount. It has been primarily, as the term implies, used for home improvements; for the addition of a bathroom, for the addition of a porch, for putting on a new roof, or for something of that kind. What we are now proposing is something private enterprise, year in and year out, has recommended be done; that is, we propose to set up a rehabilitation program in order that old houses may be reclaimed.

I say to my good friend from Indiana, who is a good friend and a good man to work with—we have worked closely on housing legislation over the years—I have been surprised by his attitude with reference to this proposal, because if there is anybody on the committee or anybody in the Senate who has been interested in trying to do something about existing homes, rather than simply building new homes, it is the able Senator from Indiana (Mr. CAPEHART). That is what we are trying to do. We are trying to give people in the neighborhoods which we might call rundown neighborhoods an opportunity to rehabilitate their houses. The program is not simply

to make additions or improvements, by putting on new roofs or things like that, but, instead, to a great extent it is a program of rebuilding houses.

I believe \$10,000 is a fair maximum limitation. That would not mean that every loan would be \$10,000. It would simply mean that no loan could be more than \$10,000.

Under the home improvement loan provision we have a maximum of \$3,500, yet I would guess that the average spent per case probably is under \$700. Incidentally, \$3,500 is not the absolute limit. When there are multiple units involved, the amount may go as high as \$15,000.

The home improvement program has worked very well. The Senator from Indiana has complimented the working of that program. It is true that there were abuses, and we had to look into them. The Senator from Indiana had a lot to do with correcting those abuses, but they were corrected.

I wish to invite the attention of Senators to the difference between the title I home improvement plan and the proposed home rehabilitation program. The home improvement plan, as the Senator from Indiana said, is not handled by the FHA; that is, FHA does not have the close supervision which is provided over most of the programs. The FHA has nothing to do with checking the property, making any appraisal or any estimate or anything of that kind. What happens is that the homeowner simply goes to the banker and says, "I should like to do this home improvement work." He signs a note with the bank. The FHA accepts it without ever looking at it, or making any inspection or any appraisal whatsoever.

The safeguard we provided 3 or 4 years ago was the provision the Senator mentioned, whereby the amount of insurance the FHA provided was cut to 90 percent of the loan. The bank had to absorb 10 percent in case of a default on the loan.

What will happen in the rehabilitation program? It will be strictly an FHA program. The FHA will go through the same kind of careful handling it has provided for regular FHA home loans. The application will have to be filed. It will go through the FHA offices and FHA procedures. The property will be inspected. The work will be appraised. The entire process will have to be approved by the FHA before the insurance is allowed. It will follow the procedures of the regular mortgage insurance program.

The Senator from Indiana a time or two mentioned "loans" or "direct loans," and so forth, about FNMA borrowings. I am sure the Senator did not mean that.

Mr. CAPEHART. Madam President, will the Senator yield?

Mr. SPARKMAN. May I finish, please?

It is very easy to refer to FHA loans when, as a matter of fact, there are no such things as FHA loans. The FHA administers an insurance program of insurance which is paid for by the borrower, who pays a premium on the amount.

Mr. CAPEHART. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. CAPEHART. Under the new language, the interest rate will be set at 6 percent. For the home improvement loans, as the Senator knows, the banks set their own interest rates.

Mr. SPARKMAN. Yes.

Mr. CAPEHART. Under the new rehabilitation section, the interest rate is to be set at 6 percent. Under the law, a bank will take that, but the next day the banker can demand that FNMA pick up the loan. Therefore, the Federal Government, to that extent, will be making the loans direct. Does the Senator agree with that?

Mr. SPARKMAN. The Senator is not entirely correct in his statement, or at least in the inference I draw from the statement. The banker cannot insist that FNMA pick up the loan. The banker can apply to FNMA, if he wishes to sell the loan note, but the FNMA does not have to buy it.

Mr. CAPEHART. Is the Senator certain that the law does not demand that FNMA pick up the loan?

Mr. SPARKMAN. I understand that FNMA may buy the note if it is insured under the FHA section 220 program, that is, the loan is made for improvements on a property in an urban renewal area, but FNMA will not buy notes for loans secured by property outside urban renewal areas.

Of course, FNMA does not have to buy the notes.

He can ask FNMA to buy it if he wishes.

Mr. CAPEHART. We have authorized FNMA to pick up loans from the bank.

Mr. SPARKMAN. That is true.

Mr. CAPEHART. I do not like that feature. I am willing to give the amendment a trial on the basis of \$7,000 and 15 years. I do not understand why it should be necessary to go any higher than \$7,000, because the average low income family usually buys a house costing from \$9,000 to \$15,000. The purchaser certainly ought to put a little of his own money into the purchase. If he borrowed up to \$7,000 from the bank, the Government, or FNMA, and contributed a little himself, he would receive a loan up to \$10,000.

I am afraid that if we go to extremes in writing a housing bill, the public will react against it. I think builders ought to be careful that we do not completely unbalance the Housing Act and bring it to the point where it does not represent good business. I do not believe it is good business to provide for loans up to \$10,000 with 25 years to repay.

Mr. SPARKMAN. I agree with the statement of the Senator from Indiana that we ought to be careful not to have an unbalanced bill. I do not believe the bill is unbalanced.

Madam President, there is involved one's interpretation of rehabilitation as against home improvement. I have tried to point out the difference. The maximum loan would be \$10,000. Loans lower than that amount could be made.

Mr. CAPEHART. I would rather provide for loans of \$10,000 with repayment in 15 years. I would rather cut down the maximum number of years for repayment, because 25 years is a long time.

Mr. SPARKMAN. I agreed to cut the maximum time to 20 years.

Mr. CAPEHART. I know the Senator from Alabama did so. I would like to cut it to 15.

Mr. SPARKMAN. Will the Senator yield further?

Mr. CAPEHART. I have not offered an amendment to strike out the provision. I have merely offered an amendment to make the bill more workable, practical, and in keeping with what I think are better business practices. The amendment would make the bill more sound. People would be less likely to react against the housing bill if it did not become entirely too liberal. For that reason I think the chairman of the subcommittee and the committee ought to accept my amendment. I believe the majority of Senators will see that what we are trying to do is not to kill the idea, but to make it more practical and to bring it within good, sound business practices.

Mr. SPARKMAN. Madam President, I do not see the point in the same way the Senator from Indiana does. Let us consider an example with which we are familiar. Over the past several years we know that there has been a great deal of rehabilitation of property in the vicinity of Capitol Hill. We know that in Foggy Bottom homes have been rehabilitated through private enterprise, chiefly by people who bought the homes and were able to rehabilitate them. But suppose an individual owned one of those homes and was not able to reach down into his pocket and obtain the necessary amount of money to rehabilitate the property. Those houses have been made into good homes. In many instances I believe the rehabilitation has cost more than \$10,000.

We want to rehabilitate rundown property in order to utilize existing structures. The program is designed to accomplish that objective. While I would go along with the Senator from Indiana in his amendment to reduce the term of a loan to 20 years, I certainly do not believe it would be reasonable or practical to reduce the amount lower than \$10,000. I hope the Senator will accept that proposal and let the amendment be disposed of.

Mr. CAPEHART. Madam President, I cannot do so, because I know a number of Senators wish to vote upon the amendment. I ask for the yeas and nays on the amendment.

The yeas and nays were not ordered.

Mr. MANSFIELD. Madam President, I suggest the absence of a quorum, without charging to either side, the time necessary to obtain the quorum.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. RANDOLPH in the chair). Without objection, it is so ordered.

Mr. CAPEHART. Mr. President, I ask for the yeas and nays on the amendment which is now pending.

The yeas and nays were ordered.

Mr. CAPEHART. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 8, line 13, it is proposed to strike out "interest" and insert in lieu thereof "an interest rate".

On page 8, line 15 after the parenthesis, it is proposed to insert "uniformly established by the Commissioner for all classes of borrowers."

The PRESIDING OFFICER. Action on the amendment identified as "6-1-61-D" will of necessity go over until Wednesday, due to the fact that the yeas and nays have been ordered. The question is on the pending amendment, identified as "6-1-61-B."

Mr. CAPEHART. The amendment mandates the Commissioner to treat all nonprofit organizations exactly alike in respect of interest charges. I am hopeful that the Senator in charge of the bill will accept the amendment.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. CLARK. As I understand, the Senator is not offering the material on lines 6, 7, and 8 of his amendment.

Mr. CAPEHART. No; I struck out that language.

Mr. CLARK. I believe the amendment will be acceptable to the Senator from Alabama [Mr. SPARKMAN]. He has authorized me to say that he will be glad to accept it.

Mr. CAPEHART. I yield back the remainder of my time.

Mr. CLARK. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. CAPEHART. Mr. President, I should like to ask the majority leader how long we may expect to stay in session today.

Mr. MANSFIELD. That would depend on the course of events. If possible, I would like to see most of the amendments out of the way, one way or another, so that we would have a definite idea as to what we would do on Wednesday when we came in on that day. The Senator may recall that one of the purposes of coming in at 10 o'clock this morning was to try to get as many amendments out of the way as possible, and to put over until Wednesday the amendments which called for a yeas-and-nays vote.

Mr. CAPEHART. Mr. President, I send to the desk an amendment identified as "6-1-61-J," on behalf of myself and the Senator from Utah [Mr. BENNETT]. I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered, and the text of the amendment will be printed in the RECORD.

The amendment ordered to be printed in the RECORD is as follows:

On page 3, beginning with line 18, strike out all through line 16, on page 6.

On page 6, line 17, strike out "(8)" and insert in lieu thereof "(6)".

On page 7, line 15, strike out "(9)" and insert in lieu thereof "(7)".

On page 8, line 4, strike out "(10)" and insert in lieu thereof "(8)".

On page 8, strike out lines 10 through 21.

On page 8, line 22, strike out "(12)" and insert in lieu thereof "(9)".

On page 9, beginning with line 6, strike out all through the period in line 20.

On page 9, lines 21 and 22, strike out "subsection (d) (2) or (d) (4) of".

On page 10, line 4, strike out "(13)" and insert in lieu thereof "(10)".

On page 10, beginning with the colon in line 20, strike out all through line 6, on page 11, and insert in lieu thereof a period.

On page 12, line 3, strike out "(14)" and insert in lieu thereof "(11)".

On page 12, line 6, strike out "; and" and insert in lieu thereof a period.

On page 12, strike out lines 7 through 9.

On page 12, beginning with line 24, strike out all through line 10 on page 13.

On page 72, beginning with line 20, strike out all through line 3 on page 73, and insert in lieu thereof the following:

"(e) Section 212 of such Act is amended by striking out in the second sentence of subsection (a) 'any mortgage under section 220' and inserting in lieu thereof 'any loan or mortgage under section 220 or section 233'."

Mr. CAPEHART. Mr. President, I ask for the yeas and nays on the amendment.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, without the time being charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CAPEHART. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Pennsylvania will state it.

Mr. CLARK. In view of the fact that the yeas and nays have been ordered on the amendment, I assume that the amendment will go over until Wednesday.

The PRESIDING OFFICER. It automatically goes over, under the agreement. Of course, the Senator from Indiana may use on the amendment the time which is allotted to him under the agreement, if he desires to do so.

Mr. HOLLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HOLLAND. I should like to address an inquiry to the majority leader, if I may. Under the unanimous consent agreement, I understand that yeas and nays votes will automatically go over until Wednesday.

Mr. MANSFIELD. That is correct.

Mr. HOLLAND. Would it be possible to enlarge that agreement to provide that all votes on amendments would go over until that day, so that we might continue our committee work, instead of

having to dash back to the Chamber for a quorum call, when no good purpose is served?

Mr. MANSFIELD. I can see the point of view of the distinguished Senator from Florida. However, I would be loath to agree to such a procedure at this time, in view of the fact that plenty of notice was given, and in view of the further fact that this procedure was agreed to by the ranking members of the Committee on Banking and Currency, which is handling the legislation in a manner which we thought would be to the best interest of all concerned.

Contrary to the usual practice of the past several weeks, committees are being permitted to meet today during the session of the Senate. It is hoped that very shortly most of the committees—perhaps not the Committee on Agriculture and Forestry, but others—will be able to dismiss their members and thus permit their attendance on the floor. I hope the Senator will not press his point in this instance.

Mr. HOLLAND. I shall not press the point. It seems to me, since we are not going to have any yeas-and-nays votes until Wednesday, and since any Senator who desires to get a yeas-and-nays vote on his amendment will try to get us to the floor, it interferes with the good purpose of the leadership to let committees meet without interruption. I therefore suggest that it is interfering with committee service, and that if some arrangement were made whereby a Senator's amendment could, by his asking for it, go over until Wednesday, it would prevent an interruption of committee work, which I know the Senator is very anxious to have proceed.

Mr. MANSFIELD. Mr. President, if the Senator from Florida will withhold his request, and if he desires to return to his committee, I think the problem will be settled very shortly, and the situation will be cleared up.

Mr. HOLLAND. Very well. I shall not insist on anything; I simply wish to help the leader in having committee work continue uninterrupted, which has not seemed to be possible.

Mr. MANSFIELD. I appreciate the statement of the Senator; he is always helpful.

Mr. CAPEHART. Mr. President, the present law permits mortgages up to 40 years in the case of families who are displaced as a result of governmental action, such as in the case of urban renewal housing, where they are faced out by the Government. They have no choice; they must get out. That is now in the law, and has been for some time.

Another instance in which the bill will liberalize the housing laws is the provision that anyone having what is called moderate income can get a house with a 40-year mortgage arrangement without any downpayment, so long as the house does not cost more than \$15,000. The bill does not define a "moderate income." Although there is a limitation of 40 years on the mortgage, with no downpayment, there is no limitation on the amount of money one earns; it is simply that the house must not cost more than \$15,000. In other words, if a millionaire wished

to do so, he could buy a \$15,000 house, secure a 40-year mortgage, and make no downpayment. I think that sort of thing is unreasonable. It is so liberal and so unsound a business practice that it may weaken the general Federal housing legislation and the good record which the Federal Housing authority has established over the years.

A new feature of the proposed section is that a new public housing authority or one which is now in existence may build houses costing up to \$15,000 or multi-family or apartment housing and borrow money at interest rates far below the market—3½ percent—and rent them or sell the housing to the so-called middle income groups, but there is no definition of middle income groups. Senators well know that the public housing program has been in existence for many years and in the past has been for the benefit of the very low income groups, those who simply do not have sufficient income to pay anything except low rentals. That program operates on the basis that the public housing authority will establish the projects and will borrow money from the Federal Government to sell mortgages which the Federal Housing Administration will insure. The Public Housing Authority will, in turn, rent the houses at a very low rental, and the Federal Government will assume, as a direct payment, direct grant, or gift, the difference between what the apartments or the houses are rented for and the actual cost of operating them, plus the amortization of the mortgage. The cost of that program has run into hundreds of millions of dollars over many years. That represents public housing for people having very low incomes, primarily those who, we might say, are receiving welfare payments.

The new language is such that, under the act, public bodies can build houses or housing units costing up to \$15,000, borrow the money at a cost below the market rate, and go into the public housing business. Thus we shall be establishing public housing, not for the benefit of the extremely low income groups, but for the so-called middle income groups, without any definition of "middle income," because there is no definition in the bill. We shall be permitting the socialization of housing. In fact, this might well be the first step toward the nationalization of housing in the United States. At least, it is the first step toward the socialization of housing, because it permits the establishment of a public authority or a non-profit organization to build houses and then rent them at subsidized interest rates.

Mr. CLARK. Mr. President, will the Senator from Indiana yield for a question?

Mr. CAPEHART. I yield for a question.

Mr. CLARK. Is not the pending amendment designated "J"?

Mr. CAPEHART. Yes.

Mr. CLARK. Is not that the amendment which eliminates the entire middle-income housing program?

Mr. CAPEHART. Yes.

Mr. CLARK. Is not the Senator from Indiana now addressing himself to a different amendment, one which is not before the Senate, and which deals with public housing only?

Mr. CAPEHART. The amendment we are now considering does not eliminate displaced persons, persons who are displaced as a result of some governmental action. That provision is retained in the bill. The amendment simply eliminates the new features of the act which we are considering, which relate to the middle income groups.

Mr. CLARK. That was my understanding.

Mr. CAPEHART. It permits those people to buy houses on mortgages having a term of 40 years, with no downpayment, and likewise permits the organization of so-called public housing authorities which can build houses, borrow money directly from the Federal Government, and build houses under this act. It extends the public housing beyond the extreme low-income group of people to the middle-income people.

Mr. CLARK. But has not the Senator from Indiana another amendment which he has not called up dealing solely with the public housing feature?

Mr. CAPEHART. Yes. I will talk about that when it is called up.

Mr. President, that is about all there is to the amendment. We must make up our mind whether we want to adopt an unreasonable, impractical proposal, a sort of socialistic feature of the housing bill—and I say that with the kindest of feelings—under which people may buy houses on mortgages up to 40 years duration, and with no downpayment. It will take them 7 years to get any equity whatsoever in the house. Anybody can buy such a house. There is no definition of middle income.

The question is whether Congress should permit public bodies to participate in the program by building such houses at subsidized interest rates below the market interest rate, thereby putting into public housing people in the middle-income group. That is what the new proposal amounts to. That is my best judgment, speaking as one who has been writing housing bills and voting for them for many years. I was the author of the 1954 act, which was looked upon then as being the most liberal act passed by Congress. However, Senators now are going further than I care to go, and, I believe, farther than the American people want to go and, I believe, farther than the building industry and those in the building business ought to go.

Those who really should be against this proposal are, in my opinion, the builders themselves and the real estate people of the Nation, because they would not do this with their own money. But if the Government is foolish enough to guarantee mortgages for up to 40 years, with no downpayment, I presume the building industry will accept such a proposal.

I attended most of the hearings, and I have examined the record of the hearings; but I have not found any great demand for this proposal. I have not found that anyone demands this sort of arrangement.

I have always looked upon the middle-income people of the Nation as being the backbone of the Nation and those who made our Nation great. But now it is proposed that their housing be socialized or nationalized—because that is what this proposal amounts to. When one who purchases a \$15,000 house is allowed a term of 40 years, with no downpayment, and when it takes him 7 years before he gets any equity in the house, he is just having his house subsidized at the expense of the Federal Government; and I do not believe that is good business.

Later, I shall offer another amendment, one to create a different formula, over a 40-year period.

But I believe the Congress should, in the best interests of the American people and in the best interests of the housing industry itself, reject this proposal, because if we go on expanding and expanding and liberalizing and adopting what are unsound business principles, the American people will rise up against the housing legislation, and, in my opinion, they will strike down what has been a good institution.

I do not see anything to be gained by providing for 40-year terms. We have permitted no down payments, insofar as veterans have been concerned; but that has been for periods of up to only 30 years. A few years ago we allowed 40-year terms for persons who were displaced, who moved when they were required, but not of their own free will. But now it is proposed that 40-year terms be allowed for these payments. I think a 40-year term would be worse than the no-down-payment feature. I believe we should particularly guard against the 40-year term proposal. Many of the houses that are going to be built and many of the houses that are being built today—and this statement is no reflection against either the builders or the houses—will not be worth very much at the end of 40 years; and at the end of 20 years, under this 40-year term and no down payment plan, the man who is buying the house will not have as much money invested in it as it is worth; that is, to say, his equity in it will be less than the depreciated value or the resale value of the house. So this proposal would nationalize or socialize or subsidize housing for the middle-income group of the Nation, without including in the bill a definition of the middle-income group, without regard to what their income might be. In that event, as I have said, a man who was worth a million dollars could purchase houses on this basis, for the only limit is the \$15,000 restriction.

So, insofar as the FHA is concerned, and in connection with insured mortgages, this proposal would, in effect, say to everyone in America, "If you purchase a house for up to \$15,000, no downpayment will be required, and you will be able to purchase it on the basis of a 40-year term." In that event, why should not a person who wished to buy a house for \$16,000 be permitted to handle the transaction on the same basis; and why should not one who wished to buy a house for \$20,000 be permitted to handle that transaction on the same basis—inasmuch as the bill does not contain a

definition of a middle-income person or a middle-income family?

Furthermore, Mr. President, it seems to me that in a few years an attempt would be made to increase the limit from \$15,000 to \$20,000 or to \$25,000 or to \$30,000—in other words, the beginning of nationalization or subsidization of the American housing industry.

So in my opinion the present proposal is wrong, and should not be adopted. In fact, in my opinion the persons who are intended to be helped will not be helped by this bill. They may get into houses, but they will not really be helped.

In addition, housing in America would be undermined; and private industry in America would be undermined; and this bill, if enacted, would result in undermining those who should be encouraged to be thrifty, and should be encouraged to pay for the houses in which they live, and should be encouraged to live on a sound basis; and the young people of the Nation would be told, "All you need to do is get married, have a family, buy a house, and then have 40 years in which to pay for it; and if you do not wish to pay for it at all, you can walk away from it any time you want to"—in other words, no responsibility.

This bill would not encourage the young people ever to have any responsibility or ever to save money. In fact, the bill would discourage thrift. In short, the bill would not do the Nation any good. In my opinion, such a bill is wrong.

Some might propose a 30-year term, with no downpayment. I believe that would be bad enough.

I do not know why it is necessary to make any change at all in the existing law. The people of the United States have been getting along well. I have not found any great demand for this proposal. I should be glad to have anyone show me any demand at the hearings—except by the bureaucrats and those who are running the FHA—for this proposal. They are the only ones who favor it.

Are we now developing a situation in which a new Congress or a person running for election to the House of Representatives or to the Senate would say, "Elect me, and I will provide for 50-year terms and no downpayments," and the other one would say, "He is just a piker. Elect me, and I will arrange for 60-year terms and no downpayments." Certainly that is what we are headed for, if this measure is enacted into law—a situation in which each Congress would attempt to outdo the other, by means of providing for increased liberalization.

When shall we be content to permit things to continue for a while as they are? Must we always be liberalizing these policies and these laws? Evidently we shall do the same thing with the farm program, so I understand, or at least it is being talked about. I say that if we do not put a stop to this trend, the time will come when we shall have a completely socialized and nationalized country.

Our people are willing to spend billions of dollars to stop communism and socialism throughout the world; and

yet every day we move more and more in the same general direction.

For 17 years I have voted for housing legislation, and I am willing to vote for it again. But I want to caution the Senate and the House of Representatives again becoming unreasonable in regard to these things and against doing things that would be liberal to the point of being harmful.

After all, Mr. President, why should this proposal be limited to \$15,000? Why not \$15,500? Why not \$16,000? Why not \$17,000? To show the Senate how, in my opinion, unrealistic this is, let me point out that in America a young fellow gets married, and he starts out, and he progresses and progresses. People today may be getting a low income, and yet in a year or two their income will go up and up. People who today have big incomes may have some bad luck, and a year from now their income may go way down. How are we going to control that kind of a situation in our life and society under the free enterprise system that we enjoy in America? It cannot be done.

I plead with Congress, do not socialize, do not nationalize the housing industry in America. I see signs, on housing, farming, and other programs, that the Congress is going to see if it cannot outdo and be more liberal than previous Congresses. Let us get away from that idea. I think the American people would like to see us, in many instances, go in the other direction. Oh, if we could only get a government and a Congress that had the courage to do the thing it ought to do at the time, which may be something liberal, and then have the courage later to repeal that act and go the other way. That is the kind of Congress and government I would like to see. The kind of legislator the American people would admire is one who has the courage to be liberal today, and conservative tomorrow, and not go merely in one direction. If we keep going in one direction, and have more and more liberalization, year in and year out, we cannot help but end up as a socialist government, because the Federal Government will be in everything.

We have public housing provided for in the bill. We gave it to the people. I am one who believes that big cities need public housing. Perhaps some of the smaller cities do. I am not saying. But how far can we go without socializing or nationalizing the housing industry? Mr. President, did I ask for the yeas and nays on the amendment?

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CLARK. How much time remains to the Senator from Indiana?

The PRESIDING OFFICER. The Chair advises that the Senator from Indiana has 7 minutes remaining, if he desires to use them.

Mr. CLARK. Mr. President, I yield myself 10 minutes in opposition to the amendment.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. CLARK. I say to Senators who are interested in seeing in detail the reasons why the committee opposed the amendment that between now and Wednesday, when the amendment will be voted on, they may find the arguments on pages 3 to 9, inclusive, of the committee report, under the heading "New Housing Programs—Housing for Moderate Income Families."

I shall merely summarize the arguments in support of the committee's stand now, and then reserve the remainder of our time for use on Wednesday.

The lack of assistance for middle income housing has been the great failure in our American housing program ever since Federal housing legislation began. We have done a great deal to help provide decent homes and a proper environment for American families with incomes in excess of \$7,500. We have done something, although not enough, for families who are forced to look to public housing for decent shelter. It is the in-between group for whom we have provided no adequate program.

Ever since I came to the Senate, more than 4 years ago, and even before that, various proposals for middle income housing have been brought before the Housing Subcommittee. Last year the Senator from New York [Mr. JAVITS] and I joined in a proposal to deal with this problem somewhat in the fashion in which it was dealt with in New York State. The new Administrator of HHFA, with the approval of President Kennedy, has made a new proposal this year, and a statement in regard to it is set forth, as I have said, on pages 3 to 9, inclusive, of the report.

Mr. President, this is a practical, feasible, workable private enterprise system for providing decent housing for middle income families. Of course, there is no definition of a middle income—or moderate income—family in the bill. There is no need to have one. But I call attention to the fact that there are 11,200,000 families with incomes between \$4,000 and \$6,000 in the United States today. This means one out of every four families in the United States falls into this category. Those are the people for whom the supply of safe, sanitary, and decent housing is just not adequate. Provisions in the pending bill would help private enterprise to make such housing available on an experimental basis.

The reason why the ceiling was fixed at \$15,000 for this program was to assure that the program would not be available for those who could afford to pay something down, for those who could afford to make a down payment, and for whom a 40-year mortgage was unnecessary.

Let me reiterate that this is a private enterprise system. There is nothing socialistic about it. These are privately built, privately financed houses, just as suburban housing is privately developed throughout, with FHA insurance.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. SPARKMAN. Is it not true that over the years various organizations that might be referred to as private enterprise have been arguing against public housing?

Mr. CLARK. That is correct.

Mr. SPARKMAN. And the need of some kind of private enterprise program that would meet housing needs?

Mr. CLARK. That is correct.

Mr. SPARKMAN. Is not this a program designed, at least part way, to meet the need for which they have argued for so long?

Mr. CLARK. The Senator is entirely correct.

Mr. SPARKMAN. Of course, it is on an experimental basis for 2 years, and it is limited in scope, for the purpose of trying it out to see if this may, at least part way, be an answer to public housing.

Mr. CLARK. The Senator is correct.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. CAPEHART. I think the record ought to show, however, that under this section, public housing is permitted on the part of the public housing authorities.

Mr. CLARK. I was going to come to that in a moment.

Mr. CAPEHART. Therefore, while businessmen may have been opposed to public housing in the past, as the Senator has said—at least some of them—nevertheless, there is a section in the bill which is worded in such a way that public housing authorities can, under the section, likewise build houses and handle them just exactly as they do public housing at the moment.

Mr. CLARK. To continue my argument, it has been said that the proposal for the 40-year mortgage is unprecedented. Yet I point out that in 1956 Congress, with the approval of President Eisenhower, authorized a 40-year mortgage under section 221. The present proposal merely extends what has already been approved by Congress and President Eisenhower to the new program, on an experimental basis.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. SPARKMAN. In what year was that program approved?

Mr. CLARK. 1956.

Mr. SPARKMAN. 1956.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. CAPEHART. I said in my statement that 40-year mortgages, with no down payments were available, but only to people who had been displaced by the Government against their wills. I admitted that. I said we did that in 1956. Now we are enlarging the law and including every person in the United States who has what is known as a moderate income. Yet we have no definition of what a moderate income is.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. SPARKMAN. There is one more program providing for 40-year mortgages

that has nothing to do with displaced persons, and it is under section 213. It has been a very fine program.

It was enacted into law in 1950. It has been one of the best programs we have had. It is a 40-year mortgage plan.

Mr. CAPEHART. That is for cooperatives.

Mr. SPARKMAN. Cooperatives.

Mr. CAPEHART. It is for apartment buildings.

Mr. SPARKMAN. Yes.

Mr. CAPEHART. Multifamily dwellings.

Mr. SPARKMAN. Yes.

Mr. CAPEHART. Not for individual homes.

Mr. SPARKMAN. No.

Mr. CAPEHART. It is not limited to \$15,000. It is for cooperatives, for apartment buildings and not individual homes. The construction is more permanent. It represents a cooperative effort on the part of people to get together and to build their own apartment buildings.

Mr. CLARK. Mr. President, I should like to read, briefly, into the RECORD the justification given by Dr. Weaver for this particular program, but first I yield to the Senator from Alabama.

Mr. SPARKMAN. Mr. President, I invite the attention of the Senator from Indiana to the fact that when we were discussing section 213 he said it referred to cooperative housing. It does refer to cooperative housing. The Senator from Indiana also said it related only to apartment buildings. That is not correct. If the Senator will think it over, I am sure he will recall there was sales housing provided in the program, for single-family units, with 40-year mortgages, the same as the proposed program would provide.

Mr. CAPEHART. That was for what was called the garden type or elevator type housing; for a number of houses in a unit.

Mr. SPARKMAN. That is entirely possible, but there were single, individual houses.

Mr. CAPEHART. As a group. There were not single houses setting out all by themselves, with no relation to other houses.

Mr. SPARKMAN. There were other houses in the neighborhood. That is the only relationship.

Mr. CAPEHART. No. It was for projects for X number of houses, the so-called cooperatives houses, or apartment buildings.

Mr. SPARKMAN. No, they are individual houses, standing alone.

Mr. CLARK. Mr. President, as shown at page 255 of the hearings, Dr. Weaver justified the program now under attack when he said, in response to a question from the Senator from Illinois [Mr. DOUGLAS]:

First, let me say that we realize that this is, frankly, an experimental program and we realize that there are hazards in it. In my testimony I was very careful to point that out. Further, that we believe by careful concern with the type of house that is built with avoiding the minimum house which is either too small or not adequately planned or not adequately constructed, that there are houses well located which can and do and will last 40 years, and it is going to be our

concern to develop that type of house. Now the success or failure of this program, I believe, will be measured in large part by the degree to which we are able to do this, and we are going to try to do it. We believe we can do it.

The committee also believes it can be done.

Mr. President, I close with a brief comment about the argument of my friend from Indiana, in which he paid great attention to the fact that under another part of the program—a part far less important than the one which I have been discussing—it is true that public housing authorities are eligible as mortgagors for a below-market-rate FHA insured program of loans for rental and cooperative housing for families of low income.

The PRESIDING OFFICER. The Chair will interrupt the Senator from Pennsylvania to inform him that the 10 minutes have expired.

Mr. CLARK. Mr. President, I yield myself 2 more minutes.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 2 additional minutes.

Mr. CLARK. The program is for the purpose of assisting urban communities which have established workable programs, which have been approved by the housing agency. It will permit nonprofit rental housing companies to operate under the provisions of the existing section 221 of the National Housing Act, so broadened that the housing may be made available to the moderate income families who are not in a position financially to take advantage of the FHA sales housing program, which I have been discussing.

The Senator from Indiana is quite correct when he says that it is possible for a public housing authority to become a mortgagor under this program. I submit, with all deference to the Senator, that while it is possible it is highly unlikely that more than a few public housing authorities will take advantage of this provision, which is primarily intended for cooperatives and other nonprofit private organizations.

To recapitulate, Mr. President, the committee stands firmly behind the recommendations in the bill. We see no reason why the amendment should be agreed to. We think it would wreck a most important part of the program in the bill.

I hope the amendment will be defeated. I reserve the remainder of my time for use on Wednesday before the yeas-and-nays vote.

Mr. DIRKSEN. Mr. President, I yield myself 1 minute from the time on the bill.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 1 minute.

Mr. DIRKSEN. I noticed that in Dr. Weaver's testimony he was quoted as saying that this is an experimental program. If 40 years is experimental, then I begin to entertain a sense of dread and misgiving about the future of my country and about the durability of real estate values. The idea of 40 years with no downpayment, so that at the end of 10 years the mortgage is 15 per-

cent greater than the equity, is one of the most fantastic things I have ever heard of in my life.

This will become, finally, an open invitation to abandon. What will happen at the end will be a little like what happens in the automobile industry. At the end of 10 years, on normal depreciation, a person will still owe more on the mortgage than his equity, and then will come the drive, "Trade in your house on a 1972 model."

Oh, the burden which will be placed upon the Federal Government before we get through, when it comes time to bail these people out. I understand that already there are some bills in the hopper toying with the idea.

I saw what happened under the Home Owners Loan Corporation, when the Federal Government owned under foreclosure over 270,000 properties. It looks like we are going in that direction all over again.

Mr. CLARK. Mr. President, will the Senator yield for a minute? I should like, if the Senator will permit me, to take 1 minute in opposition to the amendment to answer what the Senator has said.

Mr. DIRKSEN. Mr. President, it is necessary for me to leave the Chamber, and I should like to yield to the Senator from New York [Mr. KEATING].

Mr. CLARK. I am sure the Senator from New York will be quite willing to permit me to use 1 minute, so that the RECORD will have continuity.

Mr. KEATING. By all means.

Mr. DIRKSEN. I yield.

Mr. CLARK. Mr. President, in answer to the argument made in opposition to the 40-year, no-downpayment mortgage, under the provisions now under attack, I ask unanimous consent that a statement and a table which appear on pages 925 through 927 of the hearings, entitled "Accumulation of Equity With 40-Year, 100-Percent Mortgages," may be printed in the RECORD at this point in my remarks.

There being no objection, the statement and table were ordered to be printed in the RECORD, as follows:

ACCUMULATION OF EQUITY WITH 40-YEAR, 100-PERCENT MORTGAGES

The change in equity of a homeowner in the property he owns for an extended period of time is a result of the changes in the value of the property and the change in outstanding debt secured by the property. Although neither of these quantities is subject to exact prediction, some discussion of the factors influencing each will be helpful in considering the economic feasibility of 40-year mortgage terms for 100-percent financing for the purchase of low- and moderate-priced new homes.

With respect to the outstanding debt secured by the property, the amortization schedule for a level annuity monthly payment covering current interest at 5½ percent plus principal repayment over a 40-year term provides an initial pattern of residual unpaid obligation. On this basis, outstanding balances decline to 90.8 percent of the original debt at the end of 10 years, to 74.9 percent at the end of 20 years, and to 47.3 percent at the end of 30 years.

Modifying this pattern in unpredictable manner will be the influence of partial prepayments of principal (amounts in excess of required current payments), additions to debt because of future borrowings under

open end terms or secured by junior liens (for property improvements or for expenditures unrelated to the property) or because of tax indebtedness in the form of special assessments (for street, utility, or neighborhood improvements), or complete revamping of the debt arrangement through refinancing (usually as an accompaniment to property sale but also, on occasion, in connection with financing of property alterations, consolidation of debts, or modification of repayment schedule).

Changes in the value of the property over a 40-year term are subject to an even greater variety of forces and a greater range of unpredictable variation. Principal among these forces are (1) changes in the value of the building dollar (which may be greater or less than changes in general price levels), (2) changes in housing market conditions (which alter the scarcity value of existing properties as demand-supply relationships change through time in an entire locality), (3) changes in the characteristics of the physical security (as a result of additions to and alterations of the original home, construction of additional facilities such as garages and fences, and modifications of the land through landscaping, tree planting, installation of utilities, sidewalks, etc.), (4) changes in physical condition of the property (reflecting the net results of wear and tear and hazard occurrences on the one hand and of maintenance and replacement of equipment or structural elements on the other), (5) obsolescence of physical security (as a consequence of changing tastes and habits of living and of intervening innovations in equipment and design, perhaps offset by modifications and adaptations of the original property in the course of maintenance and replacement operations), and (6) changes in neighborhood conditions and reputation (reflecting not only such adverse developments as poor property maintenance, exhaustion of public facilities, and intrusion of disturbing land uses or occupancy but also such favorable developments as expansion of school and other public services, improvement of transportation and shopping, creation of recreational and cultural facilities, and maintenance and enhancement of neighborhood appearance and reputation).

Simple enumeration of these forces indicates the impossibility of confident generalization concerning long-term future trends in property values. However, ignoring these elements of changes in the value of the building dollar (which will probably tend to increase property values over extended periods of years) and changes in market conditions (which will no doubt continue to occasion erratic changes in current market values of property), some generalizations may be made about the probable course of the remaining forces during the physical life of structures in well-conceived neighborhood developments. Attention should be called specifically to the fact that several of these factors can be influenced favorably by the quality of neighborhood planning, property standards, and construction quality and design which are provided by FHA underwriting processing in anticipation of mortgage insurance.

Most residential properties are improved during early years of physical life, at the very least to the extent of tree planting, lawn development, and installation of minor improvements such as shelving, awnings, screens, and storm windows, and small equipment items. More commonly the extent of these improvements is substantially greater, encompassing such additions as porches, garages, fences, patios, additional rooms, additional baths, recreation rooms, and air conditioning or ventilating and insulating facilities.

During this period, property values are commonly enhanced by the forces of urban growth and development which are likely to result in (1) more nearly adequate school, fire, and police services; (2) improved access to the central city because of better public transportation arrangements and construction of better traffic facilities; (3) expansion of neighborhood and suburban shopping centers serving the neighborhood; (4) initiation or expansion of suburban churches and other cultural agencies; and (5) development of public, community, and commercial recreational facilities.

Simultaneously with these favorable changes, the property itself is subjected to loss of value as a consequence of deterioration of equipment and structural elements which require occasional replacement. Heating and plumbing facilities deteriorate, water tanks corrode, roofs wear, woodwork is scarred, interior and exterior paint and finishing discolor and wear, exterior surface material deteriorates, etc. Settlement of the structure may cause minor cracks in plaster and brickwork and basement walls or window frames may develop minor leaks.

The net result of these favorable and unfavorable developments may be either increase or decrease in value perhaps 10 or 12 or 15 years of initial ownership of homes purchased new in subdivision or neighborhood developments. For most such homes, no worse than a very modest net depreciation of perhaps one-half percent annually is a characteristic during this period although it must be recognized that preponderance of either favorable or unfavorable changes can occasion value trends ranging from extremes as high as 2 percent annual appreciation to an equal amount of annual depreciation, or even greater.

After this initial phase of the life of a home, a long period of very gradual loss in value is typical as a consequence of gradual wearing out of the physical structure, increasing obsolescence of equipment and design, and the aging of public and commercial facilities serving the neighborhood. This period may extend for 15 to 40 years, perhaps averaging 20 to 30 years for typical properties and involving depreciation by about 50 percent of original value during that time period. Again, however, wide ranges in experience may either increase or restrain the rate of depreciation of value depending largely on the quality and consistency of maintenance and on trends of neighborhood appearance and reputation.

Following this period of middle life an indefinite period of old age is common. During this time progressive depreciation of value continues, but at a declining rate until some distant future date when the property value consists solely of residual land value. Perhaps a 1 percent annual depreciation can be suggested as typical of this period of senility, but attention should again be called to the wide range of variation in depreciation depending on maintenance efforts and neighborhood or community programs for neighborhood stabilization. The actual depreciation during this period may range from zero to as high as 2 to 2½ percent annually.

Interrupting this fairly simple course of life history for single-family homes may be four major kinds of events. Most common are (1) substantial modernization to offset the accumulated effects of obsolescence and depreciation of both structure and equipment, and alterations of the original structure to provide additional living space, possibly with conversion of use to multifamily occupancy or to mixed commercial and residential use.

A third type of interruption occurs upon demolition of the original improvements to make way for more intensive land use. In

such a case the land value for the alternative use increases to exceed the value of the combined land and present improvements for the original land use.

A fourth type of interruption occurs in the event of a persistent neighborhood rehabilitation and rejuvenation effort, either organized in the fashion of a formal urban-renewal program or developing spontaneously under this stimulus of impersonal market forces.

Subject to all these qualifications of pattern for both debt repayment and value depreciation, the accompanying table and chart present the probable course of equity accumulation for home purchases of moderate-priced homes financed with 100-percent mortgages having 40-year maturities. Variations from this pattern in the favorable direction because of any of the many factors mentioned, including changes in market conditions or in the value of the building dollar, amplify the growth of equity. Conversely, adverse valuation trends for individual properties as compared with the suggested pattern limit the rate of equity accumulation and may, in the least favorable cases, result in individual instances of property foreclosures and FHA insurance claims. The frequency of such claims is expected to be modest—probably within the limits of reserves accumulated from a one-half-percent annual insurance premium, and, in any case, at levels which are not excessive in proportion to the benefits of homeownership which will accrue to the vast majority of home purchasers who will never be subjected to property losses.

Depreciated value of \$10,000 home and comparison of unpaid balance of \$10,000 mortgage, 40-year term at 5½ percent interest

End of year	Depreciated value of property ¹	Outstanding balance of debt	Equity
0	\$10,000	\$10,000	0
1	9,950	9,929	21
2	9,900	9,854	46
3	9,850	9,775	75
4	9,800	9,691	109
5	9,750	9,603	147
6	9,700	9,509	191
7	9,650	9,411	239
8	9,600	9,307	293
9	9,550	9,196	354
10	9,500	9,080	420
11	9,450	8,957	493
12	9,400	8,828	572
13	9,200	8,690	510
14	9,000	8,546	454
15	8,800	8,393	407
16	8,600	8,231	369
17	8,400	8,060	340
18	8,200	7,880	320
19	8,000	7,689	311
20	7,800	7,488	312
21	7,600	7,275	325
22	7,400	7,051	349
23	7,200	6,813	387
24	7,000	6,563	437
25	6,800	6,298	502
26	6,600	6,018	582
27	6,400	5,722	678
28	6,200	5,410	790
29	6,000	5,080	920
30	5,800	4,732	1,068
31	5,600	4,363	1,237
32	5,400	3,974	1,426
33	5,200	3,564	1,636
34	5,000	3,130	1,870
35	4,800	2,671	2,129
36	4,600	2,187	2,413
37	4,400	1,675	2,725
38	4,300	1,134	3,166
39	4,200	563	3,637
40	4,100	0	4,100

¹ See accompanying text for assumptions and qualifications.

Source: Federal Housing Administration, Division of Research and Statistics.

Mr. CLARK. I think this sufficiently answers the argument of the Senator from Illinois.

Mr. DIRKSEN. Mr. President, in further comment, I had one of the greatest housing consultants in the country, who was with the Housing Administration for a great many years, compile figures. Knowing something about the operation, I shall take his estimate on the matter any time as against any figure I might get from a Government agency.

In due course, when we reach the discussion of the amendment again on Wednesday, I propose to put a very considerable memorandum in the CONGRESSIONAL RECORD on this very point, to show how fantastic the proposal really is.

Mr. CLARK. Mr. President, will the Senator yield for a question?

Mr. DIRKSEN. I yield.

Mr. CLARK. The Senator means that he would rather take the figures he has had prepared than the figures prepared by a Government agency since the 3d of January, does he not?

Mr. DIRKSEN. Strangely enough, these figures were not prepared particularly for me, but they were prepared objectively by a man who has some real knowledge.

I will say, if the Senator wishes to put it on that ground, that there has been 100 days of experience in the Housing Administration, and I will take the advice of a fellow who has been in the business for 25 years and who speaks with rare authority upon the subject.

Mr. DIRKSEN. Mr. President, I yield 10 minutes to the distinguished Senator from New York [Mr. KEATING] on the bill.

Mr. CLARK. Mr. President, in order that the procedure may be correct, I ask unanimous consent that further consideration of the amendment of the Senator from Indiana [Mr. CAPEHART] may now go over to Wednesday, at which time we shall have a yea-and-nay vote and use the remainder of the time.

The PRESIDING OFFICER. The Chair advises that the amendment would automatically go over.

Mr. DIRKSEN. The yeas and nays have been ordered.

The PRESIDING OFFICER. Yes. The 30 minutes available for debate will be equally divided.

FORGERY UNDER THE COMMUNIST WORLD CONSPIRACY

Mr. KEATING. Mr. President, I thank the Senator from Illinois [Mr. DIRKSEN], and in a way I apologize for taking time at this point in the debate to discuss the subject to which I am about to refer. However I believe it to be a subject of transcendent importance, and one which should be brought to the attention of the Senate and the American people promptly. What I wish to say is related to what took place in an executive session of the Subcommittee on Internal Security this morning.

Mr. President, it is well known that the Communist world conspiracy makes use of forgery in its propaganda efforts. The Internal Security Subcommittee has in the past received very illuminating

testimony respecting specific instances of this practice.

But the full extent and scope of Communist fraud by forgery of documents is not, I am sure, fully realized by the people of the free world. In an effort to get this whole picture in proper perspective, as a basis for studying the possibility of legislative action to combat such Communist propaganda attacks, the Internal Security Subcommittee asked the Central Intelligence Agency to gather and study recent known and documented examples of Communist forgeries, and present this information in testimony before the committee. This testimony was taken in executive session this morning.

What I shall say has been completely cleared for security.

Our witness gave us details respecting more than 30 major instances of forged documents, purporting to have been written by or to high officials of the American Government, which have been traced to Soviet propaganda sources within the past 4 years.

The CIA study of these Communist forgeries has shown that this material is manufactured and spread according to a plan which has three main purposes:

First. To discredit the West.

Second. To sow suspicion and discord among our allies.

Third. To encourage dissent among non-Soviet populations and dissatisfaction with their governments.

Since Communist news sources are not well regarded in the West, continuous efforts are made to utilize free world publications that are not tarred with the Communist brush. Such means are employed as the planting of a story with a pro-Soviet columnist, hidden financial subsidies, and the threading of fake anti-Western stories into legitimate news channels.

In one instance, the Soviet forgery factory worked over a legitimate study report made to a congressional committee and turned it into an outline of an alleged U.S. plan to take over Africa.

One example of Communist propaganda-forgery was the much-reprinted fake rumor that the Algerian rebel generals had enjoyed support from NATO the Pentagon, or our Central Intelligence Agency. This lie was first printed on April 23 of this year, in a Rome daily called *Il Paese*. The publication is one of a small group of papers published in the free world but known to be outlets for disguised Soviet propaganda. Its director is a member of the World Peace Council, a Communist front.

A day later, Moscow's *Pravda* published the story and the Soviet official news agency, Tass, broadcast it in English to Europe. Within 24 hours, Radio Moscow had relayed the story in Arabic to the Middle East. The following day, it was published by the London Daily Worker and the Communist daily, *L'Humanite*, in Paris.

That same day, it was published by a non-Communist Parisian newspaper in a column credited to Genevieve Tabouis, a French writer who is known as anti-American.

By the end of that week, Moscow radio had carried it in a broadcast directed to North America and quite recently the phone story has been livened through telephone calls by Radio Moscow to American newspapers.

The phone call is, of course, a gimmick, its purpose being to record a conversation on tape. During the call, a few paragraphs of Soviet propaganda are read into the record and edited tape, with the American voice and the added Soviet propaganda, makes a completely false propaganda message sound like truth.

Another example of Communist forgery was a well-publicized but completely phony Rockefeller letter. A Communist newspaper in East Germany, in February 1957, printed several pages of what appeared to be a letter from Nelson Rockefeller to General Eisenhower, outlining an alleged plan to gain domination of the world through American manipulation of military and economic aid. That fraud was reprinted during the following 3 weeks in various Soviet publications and revived by the East German paper in March with the comment that the letter served as a basis for the Eisenhower doctrine.

Under close examination, this forgery was found to contain inherent evidence of its own falsity, but that fact did not discourage the Communists.

The forgery had served a purpose, when it fooled those unwary ones who did not examine it skeptically.

Twenty-two of the Communist forgeries about which the committee was told this morning were designed to smear the United States by attributing to us "imperialist American" plans and ambitions for interference with certain free world countries which the Communists sought to influence.

Eleven blamed this country with intervention in the private affairs of Asian nations. Five had to do with the Middle East.

Because of its extreme importance, I shall urge that all this testimony be made public speedily, in full detail, with the charts developed by the CIA and photographs of specific forged documents which went into the committee record. I am confident this will be done. I hope that this committee record, when published, will have the widest possible distribution. Whether or not it proves possible to devise legislation which will furnish any substantial measure of protection against this massive Communist campaign of propaganda by forgery, I believe that the mere disclosure of what we now know about this campaign, and its specific objectives will be a highly valuable contribution to our cold war effort.

Every citizen of the free world who will read the testimony our committee received this morning is going to develop both a healthy skepticism respecting Communist propaganda claims, and a degree of sophistication in this whole area, based on knowledge of Communist objectives and techniques, which will help him to avoid being taken in by future Communist efforts of this nature.

APPOINTMENTS BY THE VICE PRESIDENT TO THE CANADIAN-UNITED STATES INTERPARLIAMENTARY GROUP

The PRESIDING OFFICER (Mr. RANDOLPH in the chair). On behalf of the Vice President of the United States, the Chair wishes to announce the assignment of the following Senators to be members of the Canadian-United States Interparliamentary Group: Senators MANSFIELD, DODD, MCCARTHY, PELL, NEUBERGER, MAGNUSON, AIKEN, WILEY, DWORSHAK, CAPEHART, ALLOTT, and CASE of South Dakota.

ORDER FOR ADJOURNMENT TO 11 O'CLOCK TUESDAY NEXT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate adjourns tonight, it adjourns to meet at 11 o'clock Tuesday morning next.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDRESS BY FORMER PRESIDENT EISENHOWER AT REPUBLICAN DINNER

Mr. DIRKSEN. Mr. President, the distinguished former President of the United States made a transcendental speech last night before 6,000 highly enthusiastic people at the Washington, D.C., Armory. It is my delight to ask unanimous consent to have this great fighting speech printed in the CONGRESSIONAL RECORD as a part of my remarks.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

TEXT OF EISENHOWER'S ADDRESS AT REPUBLICAN DINNER IN CAPITAL

(NOTE.—Following is the prepared text of former President Dwight D. Eisenhower's speech to a Republican congressional testimonial dinner in the National Guard Armory, Washington, D.C., June 1.)

It is good to be again at a Republican reunion. This time I come as a recent graduate of as tough a political cram course as anyone could devise—6 years with an opposition Congress. Any President with that experience is bound to have learned more about sheer politicking than he dreamed possible. I offer this thought tonight—that we see to it—starting now—that in 1962 we Republicans afford my successor the same opportunity for political enlightenment during his final 2 years in office.

Seeing here so many old friends, I am tempted to talk of years gone by. But I am not here tonight to dwell on the past.

Not that the past isn't useful. It sharpens perspective, warns of pitfalls, and helps to point the way. But we must never let it divert our attention from the future.

We have a right to be proud that these past 8 years, in matters both foreign and domestic, we kept faith with the American people.

So I do not suggest that we sit idly by as our past accomplishments are misrepresented. Neither should we allow others to point with self-serving pride to programs that we long ago proposed and tried vainly to get them to support. But this is simply "keeping the record straight." While important, it has no forward thrust.

HAILS PARTY RECORD

I consider our party's record, at home and abroad, an excellent springboard into the future. We can gladly leave that record to the verdict of history. Time will be far more objective and accurate than present-day politicians in judging the past 8 years.

Let us, then, leave the past behind and concentrate instead on our present and future.

Of course, our first duty is to make emphatically clear the views that we hold on the country's needs. This is not simply our right, it is our obligation.

For we must not forget, or let others forget, that only 7 months ago we were the party that made gains in both the Senate and House of Representatives; we were the party that received more popular votes than any other party in America; it was our national ticket that won a majority both of the States and of the congressional districts. To be sure, the Presidency was denied us by a paper-thin percentage. But from tens of millions of Americans we have a clear mandate to speak out forcefully on the great issues of the day.

I have heard talk about the "role of the loyal opposition." This implies that we should now have a different purpose than when the White House was in our hands. But my friends, we Republicans do not change our ideals, our aspirations or our programs, just because the other party is temporarily in power. We continue to stand for what we believe is wise and sound; we continue to fight against the unwise and the unsound.

STRESSES RESPONSIBILITY

Indeed, anyone, in either party, who resorts to irresponsibility when out of power does not deserve the responsibility of power. As Republicans, our checkpoints are simply these: "What is best for our country—and what is the best way to carry it out?" We need no other yardsticks in power or out. We want America to know that we are not simply Republicans, but also that we are right.

Indeed, the greatest service our own or any political party can render the American people is to be a trustworthy vehicle for strengthening freedom in a world at peace.

As to this, we have no better guide than the statesman who died 10 years ago this April—Arthur H. Vandenberg. He, too, was of the minority. Yet he powerfully influenced the creation of the United Nations, the Marshall plan, and the North Atlantic Treaty.

Arthur Vandenberg told us in January 1945:

"We cannot drift to victory. We must have maximum united effort on all fronts. We must have maximum united effort in our councils."

In this, he still speaks for me, and he speaks for you.

His advice needs attention today. Not only because there is great ability in our party—not only because we have proven executive competence—but also because this Republic cannot exclude anyone of worth from its national security deliberations.

Everyone of us appreciates the gravity of the world problems facing our Nation tonight. We Republicans encountered similar problems when the power and the responsibility were ours. All Americans realize that only one individual, the President, can speak for our country as it strives in the world arena to solve those problems. As the President attempts to preserve our freedoms, as he seeks to strengthen peace, as he confers with foreign leaders whether friendly or hostile, he has the hopeful and sympathetic good will of all loyal Americans, regardless of party. History will adjudge the

wisdom of his efforts. But we cannot allow, today, the Nation's basic unity of purpose to be in doubt.

By the same token, Republican leaders must frankly, but always constructively, speak their views. And Republicans rightly expect to be consulted before, not after, the hour of decision or the moment of action.

I was proud when, in recent crises, members of our party did not attempt to criticize, condemn, or belittle those in authority. This we did even though some seemed disposed falsely to blame us. We did not scurry about in search of a "scapegoat." We decry anyone's efforts to do so. Here I pay my personal tribute to the U.S. Joint Chiefs of Staff, all the members of which body I have known long and well. It is my conviction that America possesses no group of men more dedicated, more patriotic and more capable in meeting grave responsibility.

I say again that Republicans, while duty-bound not to withhold justified criticism, stand always ready to consult and advise. We have had some experience in careful and effective planning. In Iran, off Formosa (Taiwan), in Vietnam, in Lebanon, in Guatemala and elsewhere we have known—and met—similar crises.

OUTLINES NATION'S NEED

We believe, measuring today's international situation, that our Nation's needs include these:

A widespread understanding of the present dangers that we face.

The will to unify ourselves against those dangers.

Steadiness of leadership, care in planning, prudence in word, firmness in deed.

Wisdom to support the necessary, and the character to defer the merely desirable.

A strong, balanced defense, adequate to the threat, but not wastefully overexpanded.

Assistance to emerging nations determined to help themselves in a society of liberty.

Alliances that will move forward the defense of freedom.

Realistic progress in arms control and peaceful settlement of disputes—progress which, for the sake of all humanity, cannot much longer be safely deferred.

Foreign economic policies that, by reducing trade discrimination, will further mutual respect and mutual advantage.

Programs of individual and informational exchange that underscore the common aspirations of all men.

A creative program of space exploration geared to the rational and related not to hysteria, but to the Nation's scientific needs.

URGES CALM CONFIDENCE

Finally, my friends, there must be a calm confidence among us all, inspired by our country's proud history and traditions. By holding true to these traditions our people may live their lives and raise their families as Americans unafraid knowing that no matter what may be the evil designs of arrogant dictatorships, this Nation will push ever forward toward its appointed destiny as a leader of freedom and peace.

Of this I am certain: For these great ends we of the Republican Party will unhesitatingly make any sacrifice. Certainly these ends reflect the objective we sought to attain during the past 8 years.

Now to our domestic concerns. Here, for America's sake, we take sharp issue with the leadership now in power.

What, exactly, do we stand for here at home? We Republicans see Mr. American in his high station as a free, self-reliant, proud individual. We are convinced that he can plan his own life and spend his own money better than some possibly benevolent bureaucrat can in his behalf. Any action that weakens any citizen's self-respect is wrong. That is the reason we oppose the

ever-increasing concentration of power in Washington.

I say this, not for the sake of mere criticism.

I am deeply disturbed, as I believe millions of people are, by the indications of sheer recklessness in programs compelling deficit spending on the Federal level.

A free, healthy, competitive economy cannot long exist if it is to be subject to political abuse, bewildered by constantly shrinking dollars and continually fearful of governmental controls.

We—all thoughtful Americans—must unite and summon to our thinking and to our councils all our wisdom, all our courage, and all our determination if we are to keep this Nation strong, healthy, and true to its own traditions.

All agree it is criminal for one man to steal from another. But overpowerful government can rob the individual just as surely—only the scale is grander, the stakes are greater, and the loss far more tragic. For what is stolen by paternalistic government is that previous compound of initiative, independence, and self-respect that distinguishes a man from the mob, a person from a number, a freeman from the slave.

OPPOSES CENTRALIZATION

Too much government planes off the peaks of excellence, hones down differences, dries up diversity, and leaves a bleak sameness.

No one can stand, simultaneously, for more individualism and more centralized government. The proposals now flowing in such abundance to the Congress can lead to nothing but greater centralization.

We Republicans take our stand for the individual.

And our respect for his inherent rights and ability will not be compromised away.

We will not barter local and state responsibility for centralization, nor will we trade a little Government intervention for a little handout.

We consider it sheer arrogance to believe that people in Government know better for the people than they know for themselves.

We are, therefore, against programs that would substitute coercion for cooperation. The new farm proposals, creating an agricultural czar, are a case in point.

GIVES EDUCATION STAND

We are against programs that erode away citizen, local, and State self-reliance. Federal payment of teachers' salaries—as distinguished from needed construction—is a case in point.

We are against the insulting concept of government by big brother. Excessive public housing, rampant public power, federalized youth programs are cases in point.

But as we fight the unwise, we Republicans proudly stand for positive programs in every area of public concern. We have long stood for advances in such programs as education, agriculture, minimum wage, medical care, and area redevelopment.

But here is the great difference—our Republican watchword is "responsible progress."

At all levels Government must have a heart as well as a head—and its assistance must go freely as needed to individuals or localities that cannot help themselves. But this must be so done as to avoid overcentralization in Washington. Thereby, the local need can be accurately met with least injury to responsible citizenship.

ASSAILS DEFICIT SPENDING

There is, therefore, a vast difference in what we Republicans propose and what we oppose. This crucial difference is that our programs are kept oriented to the citizen and not to political expediency. They respect local responsibility, avoiding excessive

Federal interference in matters better handled back home.

It follows that we believe in paying as we go for what we do or get.

I believe deeply that continuing deficit spending is immoral.

It forces our children to support spend-thrift parents. It visits upon voteless youngsters a mountain of unpaid bills. It is Government by credit card, with the bill to be paid by our children not merely in money but also in liberty.

Even in the short run, unnecessary deficit financing is just as wrong. By debasing our currency, it leads to inflation—the most cynical of all policies, for it strikes most cruelly at the retired, the pensioned, and those who have the least.

So the means that are used are not necessarily justified by the ends being sought.

Too often we hear it said that if we believe in a certain goal, the method and amount used to get there are mere details. But, my friends, frequently method and amount can go straight to principle. One morphine injection may be exactly what a suffering patient needs; a dozen would be fatal.

ALARMED BY EXPENDITURES

I look in vain, and with deep concern, for fiscal responsibility today in public affairs. As I note the mounting expenditures, I often think how easy it is to buy things when you're spending the other fellow's money. That this must stop is one of the things that a strong, unified Republican Party should be teaching and preaching—and, so doing, can stop.

So, my friends, I trust that the aim of every good Republican in these times is to strengthen and unify, not to divide, our party.

Choosing up sides now for 1964, for example, would be a grave disservice to us all and, more important, to our country. More than one man has found that in pushing too fast to get to the front, he has lost a following. Those who run too fast into the future sometimes trip over the present.

All of us, at this point, must work together to build up the entire party, so that our combined voices and influence will command ever wider respect and support.

So I urge this—that we eagerly recruit young people, independents, and Democrats into that great company of men and women who want for America individually oriented progress that is sound and solvent. To every person who so believes, let our door always stand wide open.

ASK EMPHASIS ON 1962

As a party, we have today one overriding mission—to achieve more brilliant victories in the local, State, and congressional elections this year, and then in 1962. We have seen what can be done in Pennsylvania, in Tennessee, in Texas. It is to carry forward this great effort that we have come together tonight. Only after we have laid a solid substructure through victory in 1962 can we start erecting our great skyscraper of 1964.

No now, let's go hard at it to perfect the party organization from the grass roots up. One job is to raise adequate financial reserves, and in this your participation tonight is a good beginning. Another pressing task is to seek out and encourage aggressive and attractive young men and women of high integrity to be our candidates. Then we must carry to every citizen, most especially the youth, our Republican message of dedication to integrity, progress, responsibility, and concern for the individual. We must let everyone know that we do not appeal simply to the citizen's stomach, but we appeal as well to his head, his heart, and his self-respect. Finally, we must help our countrymen understand that what we stand for is a future of opportunity, of prosperity, of growth in continued liberty.

If we should neglect our pressing financial, organizational, teaching, and recruiting jobs until tomorrow, we will surely find that tomorrow is the day on which elections are lost.

My friends, everyone of us should be deeply proud to be a member of this great Republican Party.

For ours is the party that fights for equality of opportunity for all, when it is easier—perhaps more immediately popular—to offer special rewards to special groups.

Ours is the party that calls for self-reliance, when it is easier—perhaps more immediately popular—to depend on a condescending bureaucracy.

Ours is the party that asks freemen to continue to earn and to value their freedom, when it is easier—perhaps more immediately popular—to erode away self-reliance through public handouts.

The Republican Party has an abiding faith in the sturdy quality of the American people. Our is a nation of men and women who have moved mountains, built great factories, tilled vast lands, harnessed mighty rivers and, in times of peril, have offered their lives for their country's sake. Our imaginations cannot comprehend what such resourceful men and women can and will do over future years, but our faith in them is complete. They will not, just as we will not, become slaves to class and mass, to so-called minorities, and to the use of divisive labels.

Believing these things, striving always to live by these principles, our dedication to republicanism is our dedication to Americanism.

These truths, I believe, we must confidently lay before the American people—today and every day. So doing, 1961, 1962, and then 1964, will be years of victory for our Nation, led by republicanism, proudly flying the banner of responsible progress by free and self-reliant Americans.

HOUSING ACT OF 1961

The Senate resumed the consideration of the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

Mr. JAVITS. Mr. President, I intend to call up an amendment. I thought we would have a quorum call before doing so. In that connection I suggest the absence of a quorum and I ask unanimous consent that the time be not charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I call up my amendment identified as "5-23-61-B," which I offer on behalf of myself and the Senator from Connecticut [Mr. BUSH].

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to state the amendment.

Mr. JAVITS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment will be printed in the RECORD at this point.

The amendment ordered to be printed in the RECORD is as follows:

On the first page, beginning with line 5, strike out all through line 10 on page 13.

On page 13, line 12, strike out "102" and insert in lieu thereof "101".

On page 25, line 12, strike out "103" and insert in lieu thereof "102".

On page 30, line 23, strike out "104" and insert in lieu thereof "103".

On page 71, line 13, strike out "section 221(g)".

On page 72, beginning with line 20, strike out all through line 3 on page 73, and insert in lieu thereof the following:

"(e) Section 212 of such title is amended by striking out in the second sentence of subsection (a) 'any mortgage under section 220' and inserting in lieu thereof 'any loan or mortgage under section 220 or section 233'."

On page 75, line 9, strike out "(4)" and insert "(3)".

On page 75, line 16, strike out "section 221(g)".

On page 76, line 20, strike out "section 221(d)(3)".

On page 83, after line 2, insert a new title as follows:

"TITLE VII—FEDERAL LIMITED PROFIT MORTGAGE CORPORATION

Findings

"SEC. 701. (a) While the Congress, in the declaration of national housing policy set forth in the Housing Act of 1949, established the goal of a decent home and a suitable living environment for every American family, experience has demonstrated that this goal is not being met or even approached for the millions of American families whose incomes are too high for admission to low-rent public housing but too low to afford the range of sales prices and rents required for satisfactory new private housing being produced under the existing Federal programs of assistance to private enterprise in housing. Therefore, to further implement the declaration of national housing policy, and consistent with the provision thereof that governmental assistance shall be utilized where feasible to enable private enterprise to serve more of the total housing need, the Congress hereby determines that there is an urgent need for a supplementary system of housing finance to enable private enterprise to provide homes of sound standards of design and construction for families of moderate income and for elderly persons.

"(b) The Congress further determines that there are means available to State and local governments to further assist private enterprise to meet this need at little or no direct cost to such governments by (1) granting exemptions, in whole or in part, from taxation on the increased value of real property, (2) assisting in the assembling of sites through the use of the power of condemnation and eminent domain, and (3) promoting the use of sites, cleared under the slum clearance and urban renewal provisions of the Housing Act of 1949, as amended, for such housing. While not making such assistance mandatory, it is the sense of the Congress that such assistance should be given to housing constructed under this title.

Purpose

"SEC. 702. The purpose of this title is to provide satisfactory housing in well-planned, economically sound residential neighborhoods for families of moderate income and elderly persons whose needs are not now being served through existing programs of assistance to private and public enterprise, and to accomplish this purpose, this title makes financial assistance available to eligible bor-

rowers for the provision of housing of sound design and construction which will promote such economies as will be fully reflected in reduced rents or charges.

"Creation and powers of Federal Limited Profit Mortgage Corporation

"SEC. 703. (a) To effectuate the purpose of this title, there is hereby created a body corporate to be known as the 'Federal Limited Profit Mortgage Corporation' (hereinafter referred to as the 'Corporation') with authority, as herein provided, to make and service loans, issue obligations in such amounts, at such times, and on such terms as the Corporation may determine, and to exercise the other powers and duties prescribed in this title. In the performance of, and with respect to, the functions, powers, and duties vested in it by this title, the Corporation, notwithstanding the provisions of any other law, may—

"(1) adopt and use a corporate seal;

"(2) sue or be sued in any Federal, State, or local court of competent jurisdiction;

"(3) enter into contracts with regard to section 3709 of the Revised Statutes and make advance, progress, or other payments with respect to such contracts without regard to the provisions of section 3648 of the Revised Statutes, and include in any contract or instrument made pursuant to this title such other provisions as the Corporation deems necessary to assure that the purposes of this title will be achieved;

"(4) foreclose on any property or take any action to protect or enforce any right conferred upon it by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any project or part thereof in connection with which it has made a loan pursuant to this title;

"(5) pay all expenses or charges in connection with, and deal with, complete, reconstruct, improve, rent, manage, make contracts for the management of, or establish suitable agencies for the management of, or sell for cash or credit, or lease in its discretion, in whole or in part, any project acquired pursuant to this title and to pursue to final collection by way of compromise or otherwise all claims acquired by, or assigned or transferred to, it in connection with the acquisition or disposal of any housing project pursuant to this title, notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real or personal property: *Provided*, That any such acquisition of real property shall not deprive the State or any political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under State or local laws of the inhabitants on such property;

"(6) acquire, hold, sell, or exchange at public or private sale, or lease, or otherwise dispose of, real or personal property, and sell or exchange any securities or obligations;

"(7) subject to the specific limitations in this title, consent to the modification, with respect to rate of interest, time of payment of any installment of principal or interest, security, or any other terms, of any contract or agreement to which it is a party or which has been transferred to it pursuant to this title;

"(8) utilize and act through, with regard to section 3709 of the Revised Statutes, any Federal, State, or local public agency or instrumentality, or nonprofit agency or organization, with the consent of the agency or organization concerned, and contract with any such agency, instrumentality, or organization for the furnishing of any services or facilities; and may make advance, progress, or other payments with respect to such contracts without regard to the provisions of section 3648 of the Revised Statutes;

"(9) enter into contracts with any Federal Housing Administration approved mortgagee to service loans made by such institutions;

"(10) have succession in its corporate name; and

"(11) do all things which are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

"(b) The Corporation may determine the necessity for and the character of its obligations and expenditures and the manner in which they shall be incurred, allowed, and accounted for. The business of the Corporation shall not be considered official business of the United States within the meaning of any statute permitting the free use of the United States mails.

"(c) The Corporation may make available to eligible borrowers technical and other assistance which they may require in the initiation, development, and administration of their project.

"Board of Directors

"SEC. 704. (a) The management of the Corporation shall be vested in a Board of Directors (hereinafter referred to as the 'Board') consisting of five persons, one of whom shall be the Housing and Home Finance Administrator as Chairman of the Board, and four of whom shall be appointed by the Administrator from among the officers or employees of the Corporation, of the immediate office of the Administrator, or (with the consent of the head of such department or agency) of any other department or agency of the Federal Government. The Board shall meet at the call of its Chairman, who shall require it to meet not less than once each month. Within the limitations of law, the Board shall determine the general policies which shall govern the operations of the Corporation. The Board shall select and effect the appointment of a qualified person to fill the office of President of the Corporation. The basic rate of compensation of the position of President of the Corporation shall be the same as the basic rate of compensation established for the heads of the constituent agencies of the Housing and Home Finance Agency. The Board shall select, employ, appoint, and fix the compensation of such other officers and employees as may be necessary to carry out the duties of the Corporation, without regard to the provisions of law applicable to the employment, compensation, leave, or expenses of officers and employees of the United States; except that the rates of basic compensation of such officers and employees shall be comparable to those established for officers and employees under the Classification Act of 1949, as amended. The members of the Board, as such, shall not receive compensation for their services.

"(b) The Board shall supervise the Corporation, shall perform the other duties prescribed herein, and shall have the power to adopt, amend, and require the observance of such rules, regulations, and orders as shall be necessary from time to time for carrying out the purposes of this title and for coordinating the activities of the Corporation with the housing functions and activities administered within the Housing and Home Finance Agency, or any of its constituent agencies, and with the general economic and fiscal policies of the Government, and in carrying out these responsibilities the Board shall consult with the Advisory Committee, established under subsection (c) of this section. In the performance of, and with respect to, the functions, powers, and duties vested in it by this title, the Board, notwithstanding the provisions of any other law, may exercise any of the powers enumerated in the second sentence of section 703(a) of this title and shall—

"(1) estimate the need for housing for moderate-income families and elderly persons in each housing market area of the country and allocate and reallocate to each area its appropriate share of the loan funds authorized by this title;

"(2) delegate, in its discretion, any of the functions, powers, and duties vested in it by this title to any officers or employees under its direction and supervision;

"(3) take such steps as it deems necessary and desirable to assure that the benefits of this program are not dissipated through speculative devices, to assure that the organization of any corporate borrower and its proposed methods of operation are such as will avoid its use for speculative purposes or the payment of excessive fees, salaries, or charges in connection with any housing project, and to encourage borrowers to adopt methods by which occupants of dwellings may be permitted to reduce their rentals or other occupancy charges by occupant maintenance and repair or other means of self-help and methods whereby they may acquire (subject to the right of a cooperative to repurchase) ownership of their individual dwellings where such dwellings are free standing; and

"(4) make an annual report to the President of the United States for transmission to the Congress, to be submitted as soon as practicable following the close of the year for which such report is made.

"(c) (1) An advisory committee shall be appointed by the Board to consist of seven members. In appointing such members the Board shall seek to obtain persons whose knowledge and experience in one or more of the fields of State or local government, the building of rental and cooperative housing projects, or the promotion or development of such projects would be of assistance in the administration of the program authorized by this title. From the members appointed to such committee the Board shall designate a chairman. The committee shall meet on the call of the Board which shall be not less than twice during each calendar year.

"(2) Members of the advisory committee shall be entitled to receive compensation at a rate to be fixed by the Board, but not exceeding \$50 per diem, and shall be entitled to receive an allowance for actual and necessary traveling and subsistence expenses, while attending meetings of the committee or otherwise serving at the request of the Board.

"Capital stock

"SEC. 705. (a) The Corporation may issue capital stock from time to time which shall be subscribed for by the Secretary of the Treasury on behalf of the United States, and payments for such subscriptions shall be subject to call in whole or in part by the Corporation: *Provided*, That the total amount of such stock subscribed for and held by the Secretary of the Treasury at any time shall not exceed \$100,000,000. Stock held by the Secretary of the Treasury shall be entitled to cumulative dividends for each year equal to a return on the average amount, at par, of such stock outstanding during such fiscal year at a rate determined by the Secretary of the Treasury, taking into consideration the current average interest rate on outstanding marketable obligations of the United States as of the last day of the sixth month of such fiscal year. The Corporation shall issue to the Secretary of the Treasury receipts for payments by him for or on account of such stock, and such receipts shall be evidence of the stock ownership of the United States. There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the amounts necessary to enable the Secretary of the Treasury to make payments on such stock when called. Such stock or any part thereof may be retired at any time by the Corporation.

"(b) The assets of the Corporation, upon any liquidation, shall be used to retire all outstanding stock at par, to pay any accrued dividends, and to retire, pay, or settle all outstanding obligations. Any residue shall be

covered into the Treasury as miscellaneous receipts.

"Mortgage loans

"SEC. 706. (a) To assist the production of housing of sound standards of design, construction, livability, and size for adequate family life available for families of moderate income, and for elderly persons, the Corporation, upon application of an eligible borrower (as defined in section 710(b)) and subject to the terms and conditions of this title, may make a mortgage loan (including advances during the development of the housing project) to such borrower, or enter into commitments to purchase or repurchase loans to finance the development of a housing project to be undertaken by such borrower. No such loan shall be made unless—

"(1) The Corporation shall have determined that—

"(A) the borrower is an eligible borrower of the character described in section 710(b) hereof and that, in the case of a nonprofit cooperative ownership housing corporation, the membership thereof is comprised predominantly of families of moderate income, or elderly persons (or both) or that, in the case of a borrower other than a nonprofit cooperative ownership housing corporation, the dwellings in such housing project are to be made available to families of moderate income or elderly persons;

"(B) the proposed housing project will meet a need for housing of families of moderate income or elderly persons;

"(C) the location and physical planning of the housing project will afford reasonable assurance as to the stability of the neighborhood, and the dwellings in the housing project will meet sound standards of design, construction, livability, and size for adequate family life or for elderly persons; and

"(D) the housing project will not be of elaborate or extravagant design or construction, and such design and construction and the proposed methods of construction and of operation and maintenance are such as will promote such economies as are contemplated to be achieved through the nonprofit character of the borrower, increased efficiency in production through the use of new or improved materials and techniques and methods of construction or otherwise, increased efficiency in operation and management, minimum necessary operating services, occupant maintenance, or otherwise; and

"(2) the borrower shall have agreed with the Corporation—

"(A) not to incur or pay any excessive fees, salaries, or charges in connection with the housing project;

"(B) to establish an initial schedule of rents or charges for the dwellings in the housing project which will permit such dwellings to be made available for families of moderate income, or for elderly persons, and such initial schedule of rents or charges and all revisions thereof shall be subject to the prior approval of the Corporation: *Provided*, That the Corporation shall not approve any initial schedule of rents or charges unless the Board has certified (i) that such rents or charges will permit the dwellings to be made available for families of moderate income or for elderly persons, and (ii) that such schedule is consistent, insofar as applicable, with the requirements of paragraph (2)(E) of this section, and reflects any savings derived by the borrower under any tax exemption which may have been obtained by such borrower in accordance with the proviso to section 712 of this title;

"(C) to give preference in the selection of tenants for the housing project (as among eligible applicants), first, to families displaced by public clearance or enforcement action; second, to families living in substandard homes; and, third, to families living in overcrowded homes, veterans to have pref-

erence in each category: *Provided*, That in respect to dwelling units specifically designed and designated for elderly persons, such persons shall have a preference for the tenancy of such housing, without regard to the foregoing preferences;

"(D) to maintain the housing project, including all equipment therein, and all appurtenances thereto, in good condition throughout the life of the mortgage loan, and to establish and maintain adequate reserves for repairs, maintenance, and replacements necessary to so maintain such housing project;

"(E) to pay dividends, if the borrower is a corporation of the character described in clause (2)(1) of section 710(b) of this title, at a rate which is not in excess of 6 per centum per annum: *Provided*, That if in any year the Corporation is unable to pay dividends at the rate agreed to hereunder, dividends may be paid out of surplus earned in any subsequent year at a rate in excess of that agreed to but only to the extent necessary to give stockholders a return on their investment (not including any allowance for interest) equal to that which they would have received if dividends had been paid consecutively at the approved rate; and

"(F) to comply with such other terms and conditions as the Corporation finds, prior to the mortgage loan, are necessary or desirable to carry out the purposes of this title; and

"(3) in the case of a cooperative ownership housing corporation, the members at the time of making application for the mortgage loan are equal to at least 30 per centum of the number of members proposed to be served by such housing project: *Provided*, That, prior to the receipt of any proceeds of such mortgage loan, the members of such cooperative borrower shall be equal to at least 80 per centum of the number of members proposed to be served by such housing project.

"(b) The mortgage loan shall involve a principal obligation in an amount (1) not exceeding 90 per centum of the development cost (as defined in section 710(e)) of the housing project as determined by the Corporation, and (2) not exceeding 90 per centum of such amount as the Corporation shall have determined to be the maximum within which the project must be constructed in order that it may be made available for families of moderate income at rentals or charges within their means. No loan shall be made unless the mortgagor has agreed to certify the cost in the manner provided by section 227 of the National Housing Act for Federal Housing Administration mortgage insurance.

"(c) (1) If a mortgage loan made under this title to any eligible borrower involves a principal obligation which is less than that authorized under subsection (b) of this section, and the borrower proposes to raise additional funds through sources other than the Corporation to be secured through insured or guaranteed mortgages, debentures, bonds, or otherwise, the total mortgage loan and such other borrowing shall not exceed in the aggregate the maximum principal obligation authorized under subsection (b), and the rights of the Corporation under any such mortgage loan shall not be subordinate to the rights of any other creditor supplying such additional funds. The provisions of this title shall apply to any project financed in whole or in part by the Corporation.

"(2) A mortgage loan may be made under the provisions of this title to an eligible borrower involving a principal obligation which is less than that authorized under subsection (b) of this section, to represent part of the obligation secured by a single mortgage with equal priorities, when the remainder of the funds obligated under such

single mortgage are secured from State or local government funds, and the total mortgage loan and any other borrowing under the provisions of paragraph (1) of this subsection does not exceed in the aggregate the maximum principal obligation authorized under subsection (b) of this section.

"(d) The mortgage loan shall provide for complete amortization within a period of fifty years by periodic payments upon such terms, including a program providing for level payments of principal and interest, as the Corporation shall prescribe, and shall bear interest, on the amount of the principal obligation of such mortgage loan outstanding at any time, at a fixed rate, based on the cost of the Corporation of capital investment and borrowings from the private market, plus one-half of 1 per centum to compensate the Corporation for its estimated overhead and administrative expenses in connection with such loan and for proportionate payments to required reserves. In the event of the refinancing of the loan (within such period as the Corporation shall prescribe), is the cost to the Corporation of capital investment and borrowings from the private market makes necessary an increase in the rate of interest which, pursuant to this subsection, the Corporation is required to charge on the mortgage loan, the amortization period may be extended to a date not later than sixty years after the date of the original mortgage: *Provided*, That no such extension shall be made unless the Corporation determines that the increase otherwise resulting in the rents or charges for the dwellings in the housing project would adversely affect the stability of such housing project. The mortgage loan may, in the discretion of the Corporation, include provision for the deferment of payments of principal and interest thereunder: *Provided further*, That such deferments shall not in the aggregate result in an extension of the maturity of the mortgage for a period of more than three years nor shall any such deferments result in an extension of the maturity of the mortgage for more than three years beyond the mortgage maturity otherwise authorized herein.

"(e) Subject to the provisions of this section, the mortgage loan shall be in such form, contain such provision as to security, repayment, and redemption, and be subject to such other terms and conditions as the Corporation may determine: *Provided*, That in the case of a borrower of the character described in section 710(b)(1), the mortgage loan shall contain provisions requiring that such borrower have, to the extent permitted by State and local law, a priority for the purchase of the interest of each of its members in the dwelling of such member in the event of sale of such interest.

"(f) The borrower may, with the consent of the Corporation, pledge the contract or commitment of the Corporation to make a mortgage loan hereunder as security for a loan of construction funds from other sources.

"(g) The Corporation may charge to the borrower (in addition to any interest charges) an amount not exceeding one-half of 1 per centum of the principal amount of the mortgage loan for inspection and other services during the construction of any housing project. The Corporation may also charge to an applicant for a mortgage loan under this title a reasonable fee for the cost of processing applications, which shall be payable by the applicant whether or not such application is approved. If the borrower proposes to raise additional funds through sources other than the Corporation to be secured through insured or guaranteed mortgages, debentures, bonds, or otherwise, the inspection charge herein authorized shall be computed on the total amount borrowed from the Corporation and such other sources for the construction of such project. Such

service charges may be included as a part of the development cost of the project and may be payable from the proceeds of any mortgage loan or advances thereon.

"(h)(1) Each recipient of a mortgage loan under this section shall keep such records as the Corporation shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such mortgage loan, the total cost of the housing project in connection with which such loan is made, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

"(2) The Corporation and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers and records of the eligible borrowers that are pertinent to mortgage loans received under this section.

"(i) In any State where a State or local agency has been created pursuant to State law to supervise the operation of a housing program found by the Corporation to be substantially similar to the provisions of this title, the Corporation may provide by agreement with such agency for the supervision and administration by such agency of the mortgage loans made under the provisions of this section, in order to prevent duplication of functions, and to achieve administrative economies and coordination between the program established under this title and any State or local programs to deal with the needs of middle income families and aged persons.

"(j) If a local agency has been designated pursuant to the provisions of subsection (i) of this section, mortgage loans under this section shall be limited to borrowers organized or approved with the consent of the local agency pursuant to the provisions of applicable State law.

"(k) After the expiration of twenty years from the date of the original mortgage loan under the provisions of this section, a borrower may relieve itself of further supervisions by the Corporation or any agency designated under the provisions of subsection (i) of this section, upon repayment of the mortgage loan and of such portion of the value of tax abatement as may have been granted it by State or local government and to which such government does not at such time waive the rights of repayment.

"Obligations of Corporation"

"SEC. 707. (a) The Corporation is authorized to issue and have outstanding on and after July 1, 1961, notes or other obligations in an aggregate annual amount not to exceed \$500,000,000 except that with the approval of the President such aggregate annual amount may be increased at any time or times on or after July 1, 1962, by additional amounts aggregating not more than \$1,500,000,000 upon a determination by the President, taking into account the general effect of any such increase upon conditions in the building industry and upon the national economy, that such increase is in the public interest: *Provided*, That the aggregate amount outstanding at any one time shall not exceed the unpaid principal of mortgage loans contracted for or held by it under this title (without regard to amounts of prior advances on such loans), plus the value (as determined by the Corporation) of any acquired properties, the amount of its cash on hand and on deposit, and the amount of its investments authorized herein: *Provided further*, That the interest on obligations issued by the Corporation under this section shall not exceed a rate of 4 per centum per annum.

"(b) The failure of the Corporation to make any payment due under or provided to be paid by the terms of any note or other

obligation issued by the Corporation pursuant to subsection (a) of this section shall be considered a default under such note or other obligation, and, if such default continues for a period of thirty days, the holder of such note or obligation shall be entitled to receive debentures (in principal amount equal to the unpaid principal of the defaulted note or other obligation of the Corporation plus any interest due and unpaid on such note or other obligation), as hereinafter provided, upon assignment, transfer, and delivery to the Corporation, within a period and in accordance with rules and regulations to be prescribed by the Corporation, of the note or other obligation in default. Debentures issued under this subsection shall be executed in the name of the Corporation as obligor, shall be signed by the Chairman of the Board by either his written or engraved signature, and shall be negotiable. Such debentures shall bear interest at a rate determined by the Corporation, with the approval of the Secretary of the Treasury, at the time the defaulted note or other obligation of the Corporation was issued, but not to exceed the rate of interest applicable to the defaulted note or other obligation, or the going Federal rate, whichever is the lower, payable semiannually on the 1st day of January and on the 1st day of July of each year, and shall mature three years after the 1st day of July following the maturity date of the defaulted note or other obligation of the Corporation in exchange for which such debentures were issued. Such debentures shall be paid out of the Insurance Fund or out of any funds of the Corporation which shall be primarily liable therefor, and shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debenture. In the event the Corporation fails to pay upon demand when due, the principal of, or interest on, any debenture so guaranteed, the Secretary of the Treasury shall pay to the holder or holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holder or holders of such debentures. Debentures issued under this subsection (b) shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Corporation, with the approval of the Secretary of the Treasury, and may be in coupon or registered form, and shall not be subject to the limitations prescribed by subsection (a) of this section. Any difference between the amount of debentures to which the holder of the defaulted note or other obligation of the Corporation is entitled under this subsection (b) and the aggregate principal amount of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Corporation. The Corporation may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this subsection (b). Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this title. Debentures so purchased shall be canceled and not reissued.

"Reserves, dividends, and investment of funds"

"SEC. 708. The Corporation shall carry to a specific reserve account for losses, to be known as the Insurance Fund, semiannually from interest receipts on mortgage loans amounts equal to one-fourth of 1 per centum per annum of the then outstanding balance of such mortgage loans. The Corporation

shall make such chargeoffs on account of depreciation or impairment of its assets as the Board shall require from time to time. In addition to the Insurance Fund reserve account for losses, the Board shall require the establishment and maintenance of, and the Corporation shall establish and maintain, such reserve or reserves as it deems necessary. Such reserves, including the Insurance Fund, and all other funds of the Corporation not invested in mortgage loans or operating facilities, shall be kept in cash or on deposit or invested in bonds or other obligations of, or guaranteed as to principal and interest by, the United States.

"Priority accorded to applications"

"SEC. 709. In the processing of applications for financial assistance under this title the Corporation shall give priority to applications with respect to projects which will receive assistance from a State or local government in one or more of the ways specified in section 701(b) of this title.

"Definitions"

"SEC. 710. As used in this title, the following terms shall have the meanings, respectively, ascribed to them below, and unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

"(a) 'Families of moderate income' means families, or individuals, whose incomes preclude them from purchasing or renting conventionally financed new housing with total monthly housing expenditures of 20 per centum of their normal stable income as defined by the Federal Housing Administration.

"(b) 'Eligible borrower' or 'borrower' shall mean (1) any private or public nonprofit organization (including but not limited to cooperative ownership housing corporations), or (2) any private corporation, borrowing directly on a commitment from the Corporation and authorized to provide dwellings (i) the occupancy of which is to be permitted in consideration of agreed charges, or (ii) for sale, at cost plus an amount representing profit not exceeding 6 per centum (as certified in the manner prescribed in section 227 of the National Housing Act), to an organization of the character described in clause (1) of this paragraph.

"(c) The term 'corporation' (except when used to designate the Corporation created by section 703 hereof) shall mean either 'corporation' or 'trust' and references to members of such corporations shall with respect to trusts mean the beneficiaries thereof.

"(d) 'Housing project' shall mean a project (including all property, real and personal, contracts, rights, and choses in action acquired, owned, or held by a borrower in connection therewith) of a borrower designed and used primarily for the purpose of providing dwelling: *Provided*, That nothing in this title shall be construed as prohibiting the inclusion in a housing project of such stores, offices, or other commercial facilities, recreational or community facilities, or other non-dwelling facilities as are necessary appurtenances to such housing project.

"(e) 'Development cost' shall mean (1) the amount of the reasonable costs incurred by the borrower in, and necessary for, carrying out all works and undertakings for the development of a housing project and shall include the cost of all necessary surveys, plans and specifications, architectural, engineering, or other special services, land acquisition, site preparation, construction and equipment, interest incurred during the development of the housing project up to the time of completion, initial working capital for the administration of the housing project, necessary expenses (including any initial operating deficit) in connection with the initial occupancy of the housing project, and the cost of such other items as the Corporation shall determine to be necessary for

the development of the housing project, less net rents and other net income received from the housing project prior to the time of its completion, as determined by the Corporation, or (2) the cost, as approved by the Corporation, incurred by the borrower in, and necessary for the acquisition of, a housing project developed with a loan made under this title. For the purposes of this subsection, the Corporation shall consider, in determining the reasonable cost of land acquisition, the effect of local assistance for assembling and clearing the site and securing title thereto as provided in section 701(b) of this title.

"(f) 'Mortgage' or 'mortgage loan' shall mean a first mortgage on real estate, in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable or (2) under a lease having a period of not less than seventy-five years to run from the date the mortgage was executed; and the term 'first mortgage' shall mean such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate, under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

"(g) The term 'veteran' shall mean a person who has served in the active military or naval service of the United States at any time (i) on or after September 16, 1940, and prior to July 26, 1947, (ii) on or after April 6, 1917, and prior to November 11, 1918, or (iii) on or after June 27, 1950, and prior to February 1, 1955, and who shall have been discharged or released therefrom under conditions other than dishonorable.

"(h) The term 'going Federal rate' shall mean the annual rate of interest (or, if there shall be two or more such rates of interest, the highest thereof) specified in the most recently issued bonds of the Federal Government having a maturity of ten years or more.

"(i) 'State' shall mean the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories, dependencies, and possessions of the United States.

"(j) The term 'elderly persons' means a person sixty years of age or over or a family the head of which or his spouse is sixty years of age or over.

"Amendments of other acts"

"SEC. 711. (a) The sixth sentence of paragraph Seventh of section 5136 of the Revised Statutes, as amended (12 U.S.C. 24), is amended by inserting before the comma after the words 'or obligations of the Federal National Mortgage Association' the following: ', or notes, debentures, or other obligations of the Federal Limited Profit Mortgage Corporation'.

"(b) Section 5200 of the Revised Statutes, as amended (12 U.S.C. 84), is amended by adding at the end thereof the following:

"(14) Notes, obligations, and debentures of the Federal Limited Profit Mortgage Corporation shall not be subject to any limitation based upon such capital and surplus."

"(c) Section 101 of the Government Corporation Control Act (31 U.S.C. 846) is hereby amended by striking out the period at the end of the section and inserting in lieu thereof a semicolon and the following: 'Federal Limited Profit Mortgage Corporation.'

"Taxation of property"

"SEC. 712. All real property and tangible personal property of the Corporation shall be subject to State, county, municipal, or local taxation to the same extent according to its value as other similar property is taxed, and any real property shall be subject to special assessments for local improvements: *Provided*, That nothing contained herein shall be construed to prohibit any eligible borrower from contracting with any State, or political subdivision thereof, for the purpose of obtaining a complete or partial ex-

emption from any taxation or assessments otherwise authorized by this section. Except as to such taxation of real property and tangible personal property, the Corporation, including but not limited to its franchise, capital, reserves, surplus, income, assets, and other property, shall be exempt from all taxation now or hereafter imposed by the United States or by any State, county, municipality, or local taxing authority. All notes, debentures, and other obligations of the Corporation shall be exempt, both as to principal and interest, from all taxation imposed by the United States, or any State, county, municipality, or local taxing authority.

"Protection of labor standards"

"SEC. 713. In order to protect labor standards—

"(a) any contract for a loan pursuant to this title shall contain a provision requiring: (1) that not less than the salaries prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Corporation, shall be paid to all architects, technical engineers, draftsmen, and technicians employed in the development, and to all maintenance laborers and mechanics employed in the administration, of the housing project involved; (2) that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Act of March 3, 1931 (Davis-Bacon Act), as amended, shall be paid to all laborers and mechanics employed in the development of the housing project involved; and (3) that certifications as to compliance with the provisions of this subsection be made prior to the making of any payment under such contract;

"(b) the provisions of section 874 of title 18, United States Code, and of section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c), shall apply to any housing project financed in whole or in part with funds made available pursuant to this title;

"(c) any contractor engaged on any housing project financed in whole or in part with funds made available pursuant to this title shall report monthly to the Secretary of Labor, and shall cause all subcontractors to report in like manner, within five days after the close of each month and on forms to be furnished by the United States Department of Labor, as to the number of persons on their respective payrolls on the particular housing project, the aggregate amount of such payrolls, the total man-hours worked, and itemized expenditures for materials. Any such contractor shall furnish to the Department of Labor the names and addresses of all subcontractors on the work at the earliest date practicable.

"Penalties"

"SEC. 714. (a) Any person who induces or influences a borrower hereunder to purchase or acquire property or to enter into any contract, in connection with any housing project to be financed, in whole or in part, with a loan made under this title, and willfully fails to disclose any interest, legal or equitable, which he has in such property or such contract, or any special benefit which he expects to receive as a result of such contract, shall be fined not more than \$5,000, or imprisoned for not more than one year, or both.

"(b) No individual, association, partnership, or corporation (except the Corporation established under this title) shall hereafter use the words 'Federal limited profit mortgage corporation', or any combination of words which might reasonably lead to confuse with the Federal Limited Profit Mortgage Corporation as the name or a part thereof under which he or it shall do business. Any such use shall constitute a misdemeanor and shall be punishable by a fine not exceeding \$1,000.

"(c) Whoever, for the purpose of obtaining any loan under this title, or any extension

or renewal thereof or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Corporation under this title, makes any statement, knowing it to be false, shall be punished by a fine of not more than \$5,000, or by imprisonment for not more than one year, or both.

"(d) Whoever (1) falsely makes, forges, or counterfeits any obligation, in imitation of or purporting to be an obligation issued by the Corporation, or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited obligations purporting to have been issued by the Corporation, knowing the same to be false, forged, or counterfeited, or (3) falsely alters any obligation issued or purporting to have been issued by the Corporation, or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true, any falsely altered or spurious obligation issued or purporting to have been issued by the Corporation, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than \$10,000, or by imprisonment for not more than five years or both.

"(e) Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged, or otherwise entrusted to it, or (2) with intent to defraud the Corporation or any other body, politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Corporation, makes a false entry in any book, report, or statement of or to the Corporation, or without being duly authorized draws any order or issues, puts forth, or assigns any note, debenture, bond, or other such obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than \$10,000, or by imprisonment for not more than five years, or both.

"(f) All general criminal and penal statutes of the United States relating to public moneys, property, or employees of the United States shall apply to public moneys, property, and employees of the Corporation. No officer or employee of the Corporation shall participate in any manner affecting his personal interests or the interests of any corporation, partnership, or association in which he is directly or indirectly interested.

"Short title

"Sec. 715. This title may be cited as the 'Federal Limited Profit Mortgage Corporation Act'."

On page 83, line 3, strike out "VII" and insert in lieu thereof "VIII".

On page 83, line 5, strike out "701" and insert in lieu thereof "801".

On page 83, line 14, strike out "702" and insert in lieu thereof "802".

On page 83, line 22, strike out "703" and insert in lieu thereof "803".

On page 84, line 4, strike out "704" and insert in lieu thereof "804".

On page 84, line 8, strike out "705" and insert in lieu thereof "805".

On page 84, line 12, strike out "706" and insert in lieu thereof "806".

On page 88, line 19, strike out "707" and insert in lieu thereof "807".

Mr. JAVITS. I yield myself 15 minutes on the amendment. The amendment is a substitute for the so-called 40-year no downpayment provision of the pending bill. It will be noted that I have asked for a rather substantial amount of time on the amendment; hence it was treated specially in the unanimous consent agreement, because I really feel that at long last the idea em-

bodied in the amendment is entitled to the considerate judgment of the Senate and that thorough discussion of it be had as a substitute for the one part of the bill before us which represents a new initiative on the part of the administration, in order to meet a well established need.

Being a lawyer, I will first state what the amendment is about. It proposes to authorize the establishment of a U.S. Government corporation. We are familiar with this type of operation. It would be called the Federal Limited Profit Mortgage Corporation, and would be financed in the first instance by \$100 million from the Federal Treasury. But that is only seed money, in order to get the project off the ground. The idea is to have it established as a self-financed corporation, which will raise its money from the public by selling securities, which securities will be guaranteed by the Federal Government and which will carry an income tax exemption in terms of the interest which is payable on the securities.

The amount of money proposed to be raised is \$500 million in the first year, and \$500 million a year thereafter, as money may be needed in the discretion of the corporation, with the right in the President of the United States, as fiscal and economic conditions may allow, and as housing needs may require, to permit another \$1,500 million in the aggregate to be raised in obligations of the corporation, to be issued to the public at any time in the amounts which seem warranted by the considerations which I mentioned before.

The corporation is essentially to be a governmental body. Its board of directors would consist of five persons, who would be essentially Government employees, headed by the Housing and Home Finance Administrator as Chairman of the Board.

The idea, then, would be for this corporation, being in funds in a sense a mutual mortgage corporation, to lend these funds to public or private non-profit or limited profitmaking corporations, which will operate in the various States, and to lend them money at a rate—because it can itself sell its obligations at a very low rate—which is increased over and above the rate which the obligations bear only by the operating requirements of the corporation itself, including some actuarial reserve.

Therefore the interest rate to the actual builder of the housing would be the interest rate which represents the cost to the corporation plus one-half of 1 percent for administrative expenses, which is equivalent, I might point out, to the FHA premium of one-half of 1 percent which is charged today on all mortgages.

There are quite a number of advantages in this plan which are very much superior, in my view—and I may say in the view of many others—to the untried, brandnew, 40-year, no-downpayment plan which is proposed to the Senate.

I have called up my amendment immediately upon the heels of the amendment proposed by the distinguished Senator from Indiana, which will indeed be

the first one to be voted on when we come to the yea-and-nay votes on Wednesday. I may add that I shall ask for the yeas and nays on my amendment when we resume debate on Tuesday. I hope very much that I shall have the cooperation of the Members of the Senate in that regard. I might explain that there has been some annoyance expressed with the calling of Members of the Senate from their committee deliberations, for the purpose of granting yea-and-nay votes on amendments. Out of courtesy to my colleagues I am not pressing that point this afternoon.

I call up my amendment immediately upon the heels of the amendment of the Senator from Indiana so that Senators may have an opportunity to consider the whole question together.

In other words, I feel certain there are Senators who are opposed to the 40-year, no-downpayment mortgages, but who, at the same time, recognize the real need for the moderate income housing field. They desire to fill that need, if they can find some intelligent way, which will appeal to the principles which they believe are consistent with the country's well-being, to do it.

Therefore, I offer this alternative right on the heels of the vote, so that Senators who may decide to strike the 40-year provision may, nonetheless, support the alternative. Also, I hope it will attract Senators who may, in the final analysis, support the 40-year, no-downpayment alternative, but are unhappy about it and would like, if they could, to find a better way. I respectfully submit that this is a better way.

I shall, of course, go into considerably more detail to prove that, but it is interesting to observe, and I think it rather bears upon the validity of this idea, that the amendment is in essence, with practically no changes, the same as S. 1342, a bill which I introduced together with the Senator from Pennsylvania [Mr. CLARK], who is not a sponsor of this amendment, his place having been taken by the Senator from Connecticut [Mr. BUSH]. However, together with the Senator from Pennsylvania [Mr. CLARK], I introduced a bill last year, and after consideration and testimony, the Committee on Banking and Currency, of which I have the honor to be a member, reported the bill favorably to the Senate on June 17, 1960. It was then Calendar No. 1677. It was not considered by the Senate because of the inability to have it called up for action. However, the bill actually commanded a majority vote in the Committee on Banking and Currency, which reported the very same measure which I am proposing for consideration on the Senate floor. So this proposal is not simply the idea of one Senator but is a rather important grounding in the fact that the proposal commended itself to the committee.

As a matter of fact, even the Subcommittee on Housing of the Committee on Banking and Currency did not report this alternative adversely to the full committee when we considered the housing bill, but rather preferred simply to send it to the full committee and let the full com-

mittee act on it. It was rejected by a divided vote in the full committee. I do not say this in any adversary spirit, because the administration had made a choice of means and had submitted the 40-year, no-downpayment measure, and I believe there was a certain amount of loyalty which supervened over other considerations in going along with the administration in terms of the vote in the full committee. So, first, this program has had consideration and has, indeed, commanded, upon another occasion, a majority in the Committee on Banking and Currency.

Second, and most important, the great attribute of this program is that it is a successful one. It is actually working most successfully in the State of New York. That is where I got it and brought it to Congress, in the hope that it might be applied nationally. Indeed, the committee was so impressed in 1960, when it heard the testimony of witnesses in New York, including high officials of the State government who were concerned with housing, that it caused a majority of the committee to favor the measure. The question of trial and success is a most important point.

I think it is very well known that I am sympathetic to housing. I have ardently supported housing bills. I have even voted to override the vetoes of the President of my own party in respect to housing measures, so important have I considered such bills to be to the people of the country. So I am sympathetic to any idea which is proposed which makes any sense at all in terms of helping to provide for the Nation's housing needs.

One of the major elements in determining whether an idea makes sense or not is whether it has been tried. I think the most forceful argument against the 40-year, no-downpayment proposal is that it has never been tried. It is brand new. To show how even its sponsors are worried about whether it can work, they are providing \$750 million for the FNMA—the Federal National Mortgage Association, a Government-owned corporation—to buy back the very mortgages which it is intended to dispose of under the 40-year, no-downpayment program. The know, as well as I do, that these mortgages certainly will not be absorbed by banks, insurance companies, or savings and loan associations. They will come right back into Government hands, if the whole project will work at all.

Although I do not agree with the distinguished Senator from Illinois [Mr. DIRKSEN], the minority leader, that the program will ultimately be out of balance in terms of there being an area where people will find it attractive to abandon their homes, I think we cannot simply cast aside the argument that on a 40-year basis there is danger of an imbalance, a disequilibrium, as it were, between the time of a loan and the time when construction begins, if there is not a mutualization feature which is represented by the strength of a limited-dividend mortgage corporation, such as I have described, under which it is possible for construction properties, multifamily properties, and other properties of that kind, to support property of per-

haps a different type, whereas in the 40-year, no-downpayment proposition every piece of property and mortgage must stand on its own and be valid or invalid in terms of its security depending on itself.

I think one of the strong arguments and very important factors in the whole situation is that the entire program has actually worked in the State of New York. It has worked extraordinarily well. We now have completed in the State of New York, or have in process of construction, 30,189 dwelling units, under the New York State Limited Profit Housing program, which is precisely this program. The mortgage loans on those properties now amount to \$427,353,990. The plan has produced housing with an average room rent or carrying charge, depending on whether it is a sale or rental, of in the area of \$20 to \$22, a kind of general average per room, which is what we are all dreaming about and talking about when we talk of moderate income housing.

This is a very impressive record; and to that must be added the fact that New York City also operates a similar program. The program involves no subsidy of any kind or character from government, either from the Federal Government or, in the case of the New York State program, from the State government. It calls for the lending of government credit, because the bonds are salable, due to a government guarantee. Let us remember that in the 40-year, no-downpayment program the government will have to guarantee the mortgages. One of the important questions in committee concerned the redemption of the 40-year mortgages, which differs from the FHA redemption. If there is a default, there is a considerable struggle. We eliminate that in the 40-year, no-downpayment mortgages, which will be sold at an interest rate below the market interest rate. I point that out to show that there is nothing sensational about a Federal guarantee on bonds which will be issued under the plan I am proposing. The important place in which money is saved is in the interest and tax-exemption feature. That, of course, is true of public housing; but in this case we save that for the homeowner or the renter—the tenant—and we in no way impose a cost on the Federal Government, because there is no Federal subsidy, as there is in the case of public housing.

I point that out because I think it is most important. The record of performance as compared with the completely untried situation of the 40-year, no-downpayment proposition, regarding the performance of limited dividend corporations, has been very good. There are other factors which must be considered.

First, we must be certain that people will go out and build on this basis. The State of New York is not an inconsiderable example, because New York has 10 percent of the Nation's housing. One cannot dismiss this as simply a laboratory experiment on a small scale in one particular State. New York is not called the Empire State for nothing. It

is an empire, having all kinds of cities, including New York City, the largest in the country and the most powerful in terms of finance and other matters.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. JAVITS. Mr. President, I yield myself 5 additional minutes.

New York is not an inconsiderable place in which to prove a proposition of this kind. What the program has done in New York has been to attract trade unions, employers, and cooperative organizations of various kinds to enter into this field and to build under this plan, which is a most useful plan for people who are cooperating with one another in other matters, and who then can move into cooperation in the housing field. It lends itself very well to cooperative ownership, as well, in which there are many savings when one gets into the moderate income field—for instance, savings such as those which would be inherent in connection with self-service—savings which represent enormous savings in terms of housing costs.

The other feature is one which is rather rare in terms of a new program. In other words, here we can speak of actual performance and achievement, such as has occurred in New York. Indeed, the voters in New York have twice voted affirmatively, by very substantial majorities, in favor of a program of this kind.

In addition, the program will enable such corporations to negotiate with municipalities or tax concessions, because it will be advantageous to a municipality to defer tax income for a time in order to induce the project to be undertaken in the first place.

In addition—and also very important—States, including the State of New York, often are willing to give condemnation authority to corporations of this kind. So a further important point is the capability of developing at reasonable cost appropriate sites for such housing.

Mr. President, for all these reasons, I respectfully submit that here is an alternative which makes great sense, has actually been tried, avoids the untried aspects of the 40-year, no-downpayment program, and answers the social questions which trouble many persons about the 40-year, no-downpayment program—because it does require investment. Mr. President, I should also point out that the loan authority under this plan can be as great as 90 percent of the replacement cost of the completed project. So some investment is required; and that is why this plan encourages cooperatives.

Furthermore, this plan forms a much better basis for the security behind the mortgage, because it enables many properties to lean on each other in respect to a corporation which issues its own bonds.

Finally, it is a great inducement for the making of arrangements, with municipalities, which result in further reducing costs, through tax abatements of various kinds and through the capability of receiving the power of condemnation.

Therefore, Mr. President, it is not in vain that the Banking and Currency Committee itself has looked with favor, rather than with a jaundiced eye, upon this proposal, even at a time when it felt it had to turn it down, in preference to the plan of the administration itself.

Mr. President, I hope very much that on Tuesday we shall be able to have further debate regarding this matter. As I told the Senator who is the floor manager of the bill, I would take some of my time today and would have this proposal the pending question, but I would hope to reserve at least 1 hour of my time for next week, when perhaps other Senators who support this concept will be here and will have an opportunity to speak, and then I shall be glad to develop the matter further.

Mr. President, I reserve the remainder of the time available to me.

Mr. SPARKMAN. Mr. President, I understand that the Senator from New York will have to leave very soon. So I shall make my remarks this afternoon very brief.

It is a little difficult to oppose a plan such as the one the Senator from New York proposes. He knows that last year I expressed my sympathy with the plan, and voted for it in the committee, and brought it to the floor of the Senate. But we were not able to put it through. I did that largely on the basis of the fine showing made before our committee in regard to what had been done in the State of New York. Of course, at that time we did not have the alternative plan which the administration has suggested.

The Senator from New York knows that the subcommittee referred his proposal to the full committee, in order that we might decide between the two. It was felt that they were alternative plans, and that we should not have both of them.

I will say that I am convinced that the plan has worked well in the State of New York and in the city of New York. But as I said at the committee meeting, I do not know that that can be taken as assurance that it would work well over the country. New York presents an unusual situation, as the Senator from New York has so well stated. New York has 10 percent of the housing of the Nation, and has a tremendous housing program, on a State basis, and has another one on a city basis, and is in a position, and has been in a position to try out new programs, and this one it has tried out, and it has worked well.

Another feature is that I believe it generally would always be preferable to have a program which would rely upon private market financing, rather than direct loans from the Government.

I have supported direct loan programs more than once. I was the author of the direct loan program for veterans. I was the author in the Senate of the program which provided for direct loans for farm housing. I supported—not originally, but eventually—the direct loans for housing for the elderly.

Mr. JAVITS. Mr. President, at this point will the Senator from Alabama yield to me?

The PRESIDING OFFICER (Mr. PELL in the chair). Does the Senator from Alabama yield to the Senator from New York?

Mr. SPARKMAN. I yield.

Mr. JAVITS. Mr. President, I yield to no one in my respect for the Senator from Alabama, and I should only like to make clear a point—one which I am sure he will understand: I think there is a difference between direct loans and what I propose. A direct loan is—as in the veterans' situation—made when the money actually moves from the Government to the borrowers. My proposal would require that the market accept these bonds; otherwise, no money for such loans would be available. I think that makes a very material difference.

Mr. SPARKMAN. I agree with the Senator from New York, and probably I was not being very accurate when I referred to direct loans.

Let me see whether I correctly understand the matter. The proposal of the Senator from New York is, as I understand it, that the Government underwrite those bonds.

Mr. JAVITS. Oh, no. All that the Government would do would be to put up \$100 million, in order to give such a corporation some capital. It could draw down the capital as soon as the corporation accumulated any. Other than that, the corporation would issue the securities to the public, with a Government guarantee of the securities.

Mr. SPARKMAN. That is what I said—in other words, the Government would underwrite them.

Mr. JAVITS. I am trying to avoid—because it would be unfair to this proposal—any imputation that this plan involves the proposition of back-door financing.

In talking about direct loans, the question is where the money will come from. In most cases, the money comes from the Treasury, generally under the Second Liberty Loan Act. But in this case the money will come from the public, in a direct way. Therefore, there must be public acceptability; and if the money is not obtained in that way, it will be impossible to go through with the program.

Our experience shows that the public is very receptive, and that the money can be raised from the public by a bond sale of this kind.

I thank the Senator from Alabama for yielding to me.

Mr. SPARKMAN. Mr. President, I appreciate the courtesy of the Senator from New York in making that point clear. Certainly, he has clarified it for me.

There is another point which I should like to discuss, namely, the tax-exempt status of the bonds. Does the Senator from New York believe it is feasible for the Senate to initiate such action? The Senator from New York has served in the House of Representatives, and he knows how jealously the House defends

and stands by its prerogatives with reference to writing legislation of that kind. What would his thought be on that point?

Mr. JAVITS. I would say in this case it is so peripheral to the main point that I would feel the House could not feel it would be amiss. I have served in the House, as the Senator knows, and I know how sensitive it is on this question. If the main thrust were the tax exemption, I would agree, but it is only peripheral to the main point.

The idea of tax exemption on housing bonds has been very deeply imbedded in our housing legislation through public housing, and I do not see how the House could take it to be amiss if we offered it the opportunity to embrace the same principle in respect of moderate income housing, where the main thrust was not tax exemption. However, that is one of the main peripheral benefits. The main idea is not to get tax exemption for the bonds, but the main purpose is different. It happens that the tax exemption helps, but the tax exemption is only incidental to the fact that the bonds would be issued by a Government corporation. It therefore would be tax exempt under State law, too, since a State could not tax a governmental instrumentality.

Therefore, in view of the fact that the main thrust of the proposal is not tax exemption per se, I would say the House should not take offense. I may point out that there are some 15 examples of bonds issued by various types of Government corporations which also, by virtue of their origin, have been, for practical purposes, tax exempt. I am confident, and we will check the matter over the weekend, that many of these proposals did not originate in the House. We shall check that point to make sure.

I have made the best answer I can make to the Senator's view, which I deeply respect.

Mr. SPARKMAN. I should like to ask the Senator to check into section 42(a) title III. I shall not take the time to read it, but I believe it would be well to have that statute in mind, not that it would prevent us from enacting a later statute, but simply because it indicates a policy established by Congress since the tax exempt statutes relating to housing bonds were authorized in 1937 or 1938.

Of course, we are all aiming at the same objective. I want to pay my compliments to the Senator from New York for the diligence and earnestness with which he has worked on this type of legislation. What we are trying to do is reach a mass market for decent, safe, and sanitary housing, for a great proportion of our people who today are denied the privilege of owning or living in such property, simply because their incomes are not high enough. We are both trying to do it under the administration experiment—and it is an experiment. That is what the Senator from New York is trying to do.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. JAVITS. The question of need has been raised by the very same friends and colleagues who commiserate about the fact that we are underusing the resources of our country. It must be remembered that houses will be built on the basis of demand, and that such construction will greatly stimulate production in this country. The incomes of 40 percent of our people permit them to own houses, but the incomes of 60 percent do not. The mean income of the American family is said to be somewhere around \$7,000. The last figure I saw was \$6,600. It is a fact which disqualifies a large proportion of the American people from owning homes. So we have the capability of a tremendous stimulant to the American productive economy, as well as a tremendous social benefit of the greatest importance to the majority of the American families.

Mr. SPARKMAN. Yes. I have used this figure previously. I cannot vouch for it, but I believe it is accurate. Roughly 75 percent of American families today have incomes too low to enable them to afford the average house. I will not say a decent, safe, and sanitary house, but a typical FHA house. In other words, the great mass market is left without the ability to buy an FHA house under existing law and today's prices.

Regardless of our following divergent routes, we are both aiming toward that objective.

Mr. JAVITS. I thank the Senator.

Mr. SPARKMAN. Mr. President, I reserve the remainder of my time.

Mr. President, I understand an order has been entered that, when the Senate adjourns tonight, it stand in adjournment to meet at 11 a.m. on Tuesday next.

The PRESIDING OFFICER. The Senator is correct.

LEGISLATIVE PROGRAM

Mr. SPARKMAN. Mr. President, on behalf of the majority leader, I give notice that the Interior appropriation bill will be up for consideration on Tuesday, as well as the continuation of the housing bill, but that if there are to be any yea-and-nay votes ordered on either bill, they will go over until Wednesday.

ADJOURNMENT TO TUESDAY AT 11 A.M.

Mr. SPARKMAN. Mr. President, if there is no further business to come before the Senate, in accordance with the order previously entered, I move that the Senate now adjourn until next Tuesday at 11 a.m.

The motion was agreed to; and (at 4 o'clock and 16 minutes p.m.) under the

order previously entered, the Senate adjourned until Tuesday, June 6, 1961, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate June 2, 1961:

U.S. PATENT OFFICE

Edwin L. Reynolds, of Maryland, to be First Assistant Commissioner of Patents.

Horace B. Fay, Jr., of Ohio, to be an Assistant Commissioner of Patents.

Arthur W. Crocker, of Maryland, to be an examiner in chief, U.S. Patent Office.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 2, 1961:

BUREAU OF CUSTOMS

COLLECTORS OF CUSTOMS

Ernesto Flores, of New Mexico, to be collector of customs for Customs Collection District No. 50, with headquarters in Columbus, N. Mex.

Cornelius F. Reardon, of Montana, to be collector of customs for Customs Collection District No. 33, with headquarters in Great Falls, Mont.

A. Bayard Angle, of Florida, to be collector of customs for Customs Collection District No. 18, with headquarters in Tampa, Fla.

Mrs. Edna M. Scales, of Oregon, to be collector of customs for Customs Collection District No. 29, with headquarters in Portland, Oreg.

June 6, 1961

SENATE

6. INTERIOR AND RELATED AGENCIES APPROPRIATION BILL, 1962. Began debate on this bill, H. R. 6345. pp. 8846, 8860-71, 8875-82, 8888, 8902-3
 Agreed to the committee amendments en bloc and the bill as amended was considered as original text for the purpose of further amendment. pp. 8860-1
 Sen. Dirksen submitted an amendment to reduce by \$15 million, from \$149,200,-200 to \$134,200,200, the item for forest land management, forest protection and utilization, Forest Service (pp. 8867-71). At the request of Sen. Mansfield a ye and nay vote on this amendment was postponed until Wed. (p. 8871).
 Sen. Sparkman submitted an amendment to be proposed to the bill to restore the full amount of \$300,000 for a proposed addition to the Forest Products Laboratory, Madison, Wisc. pp. 8902-3
7. HOUSING. Continued debate on S. 1922, the omnibus housing bill. pp. 8843-4, 8860, 8871-4, 8884-8, 8890-9
8. WATER RESOURCES. The Public Works Committee reported without amendment S. 811, to provide for the establishment of a Wabash Basin Interagency Water Resources Commission (S. Rept. 297). p. 8839
9. FARM PROGRAM. Sen. Morse inserted a letter to the editor of the Wall Street Journal defending farmers against the contention that they are "a favored class." p. 8883
10. PROPERTY. Received from GSA a proposed bill "to amend section 109 of the Federal Property and Administrative Services Act of 1949, as amended, so as to remove the limitation on the maximum capital of the General Supply Fund;" to Government Operations Committee. p. 8837
1. PEACE CORPS. Sen. Javits commended the establishment of a Peace Corps to assist underdeveloped nations and inserted an article and editorial on the Corps. pp. 8852-3
2. YOUTH CONSERVATION CORPS. Sen. Humphrey inserted an article, "Youth Corps at Home," favoring enactment of legislation for the establishment of a Youth Conservation Corps. pp. 8858-60
3. LEGISLATIVE PROGRAM. Sen. Mansfield stated that he hoped that action would be completed on the Interior appropriation bill on Wed., and that the housing bill would be considered further Wed. (and Thurs. if action is not completed Wed.). p. 8875

ITEMS IN APPENDIX

4. NATIONAL PARKS. Extension of remarks of Sen. Williams, N. J., inserting an article by Interior Secretary Udall, "National Parks for the Future." pp. A4051-3
5. TEXTILES. Extension of remarks of Rep. McCormack inserting an article, "Textile Machinery Makers Are The Big Factors In Economy." pp. A4054-5
 Extension of remarks of Rep. Downing discussing some of the problems of the textile industry and inserting an article regarding the proposed international textile quota talks. pp. A4083-4
6. SOIL CONSERVATION. Extension of remarks of Rep. Wickersham inserting an address by W. Marvin Acree at the Farmers Soil Conservation Awards Meeting at Rush Springs, Okal. p. A4060

17. SUBSIDIES. Extension of remarks of Rep. Goodling on the matter of Federal subsidies and Federal control and insertion of an editorial "The Brick In The Federal Aid Featherbed." p. A4063
18. WILDLIFE. Extension of remarks of Rep. Goodling urging that steps be taken to conserve wild waterfowl and insertion of an article supporting his opinion on this subject. pp. A4075-6
19. FARM PROGRAM. Extension of remarks of Rep. MacGregor stating that he has received no letters in favor of the pending farm program legislation and insertion of a constituent's letter criticizing the program stating that it would "completely socialize agriculture." pp. A4088-9

BILLS INTRODUCED

20. PERSONNEL. S. 2021, by Sen. Morton, relating to withholding, for purposes of the income tax imposed by certain cities, on the compensation of Federal employees; to Finance Committee.
21. RESEARCH. H. R. 7480, by Rep. Harvey, Ind., to assist the States to provide additional facilities for research at the State agricultural experiment stations; to Agriculture Committee.
H. R. 7483, by Rep. Clem Miller, to provide for the establishment of cooperative outdoor recreation research centers; to Interior and Insular Affairs Committee.
22. PROPERTY. H. R. 7485, by Rep. Moss, to amend section 203 of the Federal Property and Administrative Services Act of 1949 to provide that property found on premises owned or leased by the United States may be returned to the finder if the owner cannot be found; to Government Operations Committee.
H. R. 7495, by Rep. Goodell, to amend section 203 of the Federal Property and Administrative Services Act of 1949 to permit the donation of surplus personal property to union locals for use in apprentice training program; to Government Operations Committee.
23. RURAL COUNTIES. H. R. 7476, by Rep. Berry, to provide for the establishment of a commission on problems of small towns and rural counties; to Government Operations Committee.
24. PEACE CORPS. H. R. 7500, by Rep. Morgan; H. R. 7501, by Rep. Zablocki; H. R. 7502, by Rep. Hays; H. R. 7503, by Rep. Powell; H. R. 7504, by Rep. Gallagher; H. R. 7505, by Rep. Merrow; H. R. 7506, by Rep. Reuss; H. R. 7507, by Rep. Johnson, Md.; and H. R. 7508, by Rep. Yates, to provide for a Peace Corps to help the peoples of interested countries and areas in meeting their needs for skilled manpower; to Foreign Affairs Committee.

PRINTED HEARINGS RECEIVED BY THIS OFFICE

25. APPROPRIATIONS. Independent offices appropriations for 1962, part 2. House Appropriations Committee.
General government matters, Dept. of Commerce, and related agencies appropriations for 1962, part 1, Dept. of Commerce; part 2, various agencies and general provisions. H. Appropriations Committee.
26. PURCHASING. Small business procurement program of the administration. S. Select Small Business Committee.

burg, Pa., June 4, 1961, and invocation and prayer on same occasion.

By Mr. WILEY:

Radio address delivered by him over station WJN, Chicago, on June 4, 1961, relating to present-day challenges.

Editorial entitled "What Government Can Do," published in the Milwaukee Journal of June 4, 1961, dealing with the question of mobilization of resources necessary to assure our survival.

By Mr. HARTKE:

Address entitled "The Challenge to Women's Organizations—Changing Roles in a Changing World," delivered by Mrs. Charles D. Solovitch, president, B'nai B'rith Women, at the national convention of that organization, in Miami Beach, Fla., on April 24, 1961.

By Mr. BOGGS:

Excerpt entitled "Peaceful Coexistence," from book written by Dr. James D. Atkinson entitled "The Edge of War."

By Mr. HUMPHREY:

Editorial entitled "How To Fight Communism," published in the Chicago Sun-Times of April 9, 1961.

Article entitled "U.S. Propaganda Needs a 'New Frontier'; Soviet Challenge Calls for More Aggressive Counterstrategy," published in the Advertising Age.

By Mr. GOLDWATER:

Article entitled "Castro Offer to United States Was Joke," from Zell Rabin, New York editor, News Limited of Australia, published in the Sunday Telegraph of May 28, 1961.

Article entitled "Teddy's Big Stick," written by Hy Gardner, and published in the New York Herald Tribune of May 30, 1961.

Editorial on injustices of the Federal aid to education bill, published in the Tidings, of Los Angeles, Calif., of May 26, 1961.

By Mr. WILLIAMS of New Jersey:

Editorial entitled "Shrine for Hamilton," published in the Jersey Journal of Jersey City, N.J., on May 31, 1961.

Article entitled "National Parks for the Future," written by the Secretary of the Interior, Stewart Udall, published in the June 1961, issue of the Atlantic Monthly.

By Mr. KEATING:

Articles on the New York Alcoholics Fellowship Center, published in the New York Journal American and the New York Daily News of September 4, 1960.

By Mr. ANDERSON:

Article entitled "Steel Jumbo of Atom Clan Finds Job," published in the Washington Post of June 4, 1961.

By Mr. CASE of New Jersey:

Resolution adopted at the Ninth Annual German-American Day North Bergen, N.J., on May 28, 1961.

By Mr. METCALF:

Memorandum entitled "What the Loss of 100 Railroad Jobs Means to a Community," being an outline of a study by the Railway Labor Executives' Association in connection with current proposals for railroad mergers.

THE HOUSING ACT OF 1961

Mr. BUSH. Mr. President, S. 1922, the proposed Housing Act of 1961, contains new authorizations for programs in which I am actively interested, such as urban renewal and redevelopment, college housing, and housing for the elderly. In many respects, the urban renewal and college housing titles of the bill are similar to bills which I introduced early in the present session. In addition, two new programs are included—mass transportation loans which can help solve the commuter problem affecting an important area of my State, and Federal grants to assist State and local governments in preserving open-space

land in and around urban areas. I favor both.

The bill authorizes the Federal Housing Administration to continue programs which have long been of benefit to home buyers and homebuilders—that is, insurance of home mortgages and home improvement loans.

Also included in the bill are provisions for programs about which I have serious reservations—notably, proposals for FHA insurance of 40-year, no-downpayment mortgages, including a new program for moderate income families, and for 25-year, \$10,000 home improvement loans. I also question the wisdom of completely removing the ceiling on public housing.

Once again, I protest the practice of lumping all these programs—some sound, and others questionable—into an omnibus bill, and presenting it to the Senate on a take-it-or-leave-it basis. Once again, I protest the bad practice of financing these programs by the "back door" of direct borrowings from the Treasury, instead of by appropriations.

The danger of these practices has been dramatically illustrated by President Kennedy's appearance before a joint session of the Congress to deliver a special message on "urgent national needs." In that message, the President asked Congress and the country to accept, among other things, a commitment to put a man on the moon by 1970—a venture which will cost an estimated \$20 billion to \$40 billion. He asked for large new expenditures for defense—expenditures which, as a member of the Committee on Armed Services, I believe are necessary in the present state of world tensions. We face a marked expansion in defense costs.

In the same message, President Kennedy sounded a note of caution when he said:

If the budget deficit now increased by the needs of our security is to be held within manageable proportions—if we are to preserve our fiscal integrity and world confidence in the dollar—it will be necessary to hold tightly to prudent fiscal standards; and I must ask the cooperation of the Congress in this regard—to refrain from adding funds or programs, desirable as they may be, to the budget.

The Committee on Banking and Currency completed its work before the President's special message was delivered, and reported to the Senate this omnibus bill, which involves more than \$6 billion in commitments by the Federal Government. Outright grants authorized in the bill total \$269 billion. Loan programs, in which the initial funds, at least, will come from the Federal Treasury, total \$3.5 billion. The expenditure impact upon the budget for the fiscal year 1962 will be \$462.5 million.

To place an omnibus bill involving expenditures of this magnitude before the Senate on a take-it-or-leave-it basis is hardly in keeping with the spirit of the President's statement about the need to hold tightly to prudent fiscal standards.

There are seven titles in S. 1922. Title I contains provisions for new housing programs, including housing for families of "moderate income"—a term which is nowhere defined in the bill. Title II deals with housing for the elderly and

low-income families. Title III deals with urban renewal and planning. Title IV deals with college housing, community facilities, and mass transportation. Title V deals with the Federal National Mortgage Association and FHA insurance programs. Title VI deals with open space and urban development; and title VII is a catchall for provisions dealing with other housing programs, including farm housing and direct home loans by the Veterans' Administration.

Each of these unrelated subjects deserves separate consideration. Each should be considered upon its own merits; and Senators should not be forced to vote upon such a clumsy omnibus bill. It is a practice which invites logrolling, back scratching, and other dubious legislative practices.

I have raised this issue on the Senate floor in former years, but have met no encouragement from the majority which now controls the Senate and the Congress. On the contrary, some members of the majority have frankly admitted that sound, accepted programs are held as hostages, in order to insure acceptance of more dubious proposals which tag along as unwelcome passengers on the omnibus.

Amendments have been offered to correct some of the more glaring defects in the bill. I hope the bill can be thus improved before we come to a final vote.

SENATOR CHAVEZ—RESOLUTION

Mr. KERR. Mr. President, the Committee on Public Works, U.S. Senate, in executive session, on May 31, 1961, unanimously adopted the following resolution:

Whereas the Honorable DENNIS CHAVEZ, the senior Senator from the State of New Mexico, has, as chairman of the Committee on Public Works, U.S. Senate, given progressive and eminent leadership and continuing inspiration to the members of the committee in its deliberations and work; and

Whereas the committee is duly cognizant of the devotion of the Chairman to the work and duties of the committee; and

Whereas the committee has been informed that the able and distinguished Senator from New Mexico has undergone surgery and is presently hospitalized at Bataan Memorial Hospital in Albuquerque, N. Mex.: Now, therefore, be it

Resolved, That the full committee hereby expresses its sincere hope and prayer that Senator CHAVEZ may have a complete and speedy recovery from the illness which necessitated such surgery, and that he may soon return to give continued active and dedicated leadership to this committee.

Sec. 2. The chief clerk of the committee is directed to transmit to Senator CHAVEZ a copy of this resolution.

Mr. MANSFIELD. Mr. President, has morning business been concluded?

The PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

HOUSING ACT OF 1961

Mr. MANSFIELD. Mr. President, I move that the unfinished business, Senate bill 1922, Calendar No. 252, the housing amendments of 1961, be laid before the Senate.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate resumed the consideration of the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

THE DOMINICAN CRISIS

Mr. MANSFIELD. Mr. President, over the decades we have labored together with the Latin American nations to develop a rational system of inter-American relations. The enduring aim and direction of this effort has been peace in this hemisphere and the advancement in concert of the common interests of the American Republics.

The inter-American system is far from perfect. It is not all that we wish it to be. It is not all that Latin American States desire it to be. Nevertheless, it has served all well, particularly since the beginnings of the good neighbor policy.

It has brought immense gains in trade to all. It carried us all safely through World War II. In general, it has functioned since that time to keep the peace of the hemisphere.

In saying that, I am not overlooking the threats from without and within which now beset the Americas. I am not overlooking Cuba. I am not overlooking recent events in the Dominican Republic. I am simply putting these concerns in fuller perspective. I am suggesting that whatever we do with respect to any particular situation had better be done with a close eye on the inter-American system. In short, we need to think with and act with the other American nations in the patterns that are embodied in the Rio Treaty and the Charter of the Organization of the American States. We must do so, no matter how pressing a hemispheric problem may seem to us alone at any given moment.

If we are to recall anything worth recalling from the Cuban experience, it is this principle. And we need to recall this principle now, in the light of recent events in the Dominican Republic.

The crisis in that tragic island is of concern, in the first place, to the Dominican people who have lived with this desperate situation for so many years. In the second place, it is of concern not to this Nation alone, but to all the nations of the Western Hemisphere. There is only one aspect of this situation which is of preponderant concern at this time to the United States. That is the well-being of our citizens living on the island who may be caught in the political maelstrom.

I do not know what present conditions are within the Dominican Republic. There are disturbing reports and rumors, but I doubt that anyone yet knows the facts with any degree of accuracy. The technical qualities of our communications with Ciudad Trujillo are poor. Even worse, our capacity to

learn what is going on in that capital is limited and, outside of it, virtually nonexistent.

But, I repeat, our only significant and unique interest in this situation is the well-being of our citizens. To the extent that outsiders are involved at all, whatever else transpires in the Dominican Republic is the concern of all the American Republics.

Since that is the case, the course we pursue in the days ahead should be closely concerted with these Republics through the Organization of the American States. In this matter, there are Latin American heads wiser and grayer with direct experience. They should be listened to with respect and attention. In the meantime, we must make every effort to increase the flow of accurate information from the Dominican Republic so that we shall be in a position to make intelligent judgments. In this connection, the OAS is moving in the right direction in trying to arrange to send a subcommittee to the island.

Finally, Mr. President, we must not permit a clogging of the channels of information, advice, and decision in this matter—from the Secretary of State directly to the President and other elected officials of this Government. There is no room for "paradecisions" on the Dominican crisis—by other departments, agencies, or officials, if we are to act effectively in this situation.

We do not yet know what will emerge from the Dominican crisis. It seems to me, however, that this Nation will contribute all it is able to contribute, in good sense, to the development of a better situation for the Dominican people and to the more rapid return of the Dominican Republic to the House of the Americas if it pursues a course based upon the following premises:

First. Our only unique concern with the internal situation in that country is the welfare of American citizens. To that end we must be prepared to safeguard them as circumstances require.

Second. We have a shared concern with the other American Republics for the welfare of the Dominican people, and must be prepared to join with those Republics in alleviating immediate human want in the island.

Third. We have a shared concern with the other Republics in the emergence of more responsible and responsive government in the Dominican Republic, and must be prepared to entertain suggestions from the Latin American nations on how joint action may be effective in aiding the Dominican people to achieve this end.

Fourth. We have a shared responsibility with the other American Republics to facilitate the prompt return of the Dominican Republic to full participation in hemispheric cooperation, and we must be prepared to entertain suggestions from the other American Republics and, as our own knowledge of the situation increases, to offer suggestions as to how this may be achieved.

Mr. President, if what I am suggesting is not clear from this enumeration, then I shall put it more bluntly: The future of the Dominican Republic is not ours alone, or even predominantly, to decide

under the inter-American system. It is for the Dominicans to decide. It is for the nations of the Western Hemisphere, and not for us alone, to determine, through the institutions of hemispheric cooperation, how the Dominicans may be helped in a practical way, and it is for the American Republics to act in concert to extend that help.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Education Subcommittee of the Committee on Labor and Public Welfare; the Committee on Finance; the Committee on Government Operations; the Agricultural Credit Subcommittee of the Committee on Agriculture and Forestry; and the Postal Affairs Subcommittee of the Committee on Post Office and Civil Service; be permitted to sit during the session of the Senate today.

The PRESIDENT pro tempore. Is there objection?

Mr. DIRKSEN. Mr. President, one committee was meeting today and there was some objection. I think, in the interest of uniformity, and so I shall not be charged with partiality, I shall have to object. I hope the majority leader is not offended by my objection.

Mr. MANSFIELD. I understand the objection of the distinguished minority leader.

The PRESIDENT pro tempore. Objection is heard.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. CLARK. Mr. President, I ask unanimous consent that further proceedings under the rollcall be dispensed with.

The PRESIDENT pro tempore. Without objection, it is so ordered.

PROPOSED RULE RELATING TO COMMITTEE MEETINGS DURING SENATE SESSION

Mr. CLARK. Mr. President, a few moments ago the Education Subcommittee of the Committee on Labor and Public Welfare was advised that the minority leader, as was his right under the Senate rules, objected to a committee meeting while the Senate was in session. As a result, the committee probably adjourned, and efforts to bring the National Defense Education Act promptly to the full committee and to the floor, as had been requested by the majority leader, had to be temporarily abandoned.

I am so happy that, as I make these remarks, the distinguished President pro tempore [Mr. HAYDEN] of the Senate is in the chair, as he is the chairman of the Subcommittee of the Committee on Rules and Administration before which my proposed change in the Senate rules is pending, which would make it impossible for any single Senator to prevent any committee from meeting, whether the

emotional, and lack of desire, or, perhaps, aptitude for the schoolroom. Whatever the reason, these youth will be an important element in the Nation's future. Lacking skills and discipline, many—possibly a majority—are condemned to permanent failure that will haunt their children as well as themselves.

The neglect of aimless youth is matched only by neglect of the Nation's natural heritage. America's forest preserves, her polluted waters, her wasted land areas, and her need for recreational facilities cry out for immediate attention. Deterioration of both human and natural resources offers a unique opportunity to employ the one to restore the other.

Like the idea of a youth peace corps employed in the world arena, the idea of a youth conservation corps at home isn't new. The idea has cropped up several times in the last decade and has been placed before the Congress, where lengthy hearings have taken place. Economists, conservationists, sociologists, and youth leaders have strongly advocated such a corps. Opposition has come chiefly from those who would neglect both human and natural resources to assure that fiscal responsibility which seems to elude the Nation more dramatically every time human needs are set aside.

Two years ago, Senator HUBERT HUMPHREY, of Minnesota, introduced a youth conservation corps bill in the 86th Congress. Hearings were conducted and the measure was reported to the floor of the Senate, where, despite GOP opposition, it was approved by a very narrow margin. The vote was 47 to 45 in favor, with only two Republicans, Senator ALEXANDER WILEY, of Wisconsin, and MILTON YOUNG, of North Dakota, in favor.

The press and other communications media paid little attention to the measure. Former President Eisenhower was spared the embarrassment of veto because the measure never reached the discussion stage in the House of Representatives.

The Kennedy administration presents new hope for a home youth corps. As a U.S. Senator, the President voted for the YCC bill. The President is also known to be concerned with the fitness of U.S. youth.

The Korean conflict revealed that many of U.S. youth are physically neglected and unfit. The purposes of the YCC are not, and should not be, military. Nonetheless, a YCC would help to inculcate the values of physical fitness and bodily care among a youth badly in need of these disciplines.

A task force on distressed areas and another on resources and conservation recommended the creation of a youth conservation corps in reports to President Kennedy as he took office. The distressed areas report noted that the corps could be used to rebuild the lands and forests in areas which have run down badly after years of unplanned resource exploitation. The resources report pointed to the overall needs of the Nation and the place of a YCC in meeting those needs.

NEW EFFORT

Shortly after the 87th Congress convened in January, Senator HUMPHREY again introduced his bill to establish a 150,000-man youth conservation corps to help speed development of the Nation's resources. In introducing the measure, the Minnesota solon told the Senate that the youth conservation corps would also serve to reduce juvenile delinquency and accelerate Federal and State conservation measures.

The press again gave little attention to the introduction of this year's YCC measure, although it was then reporting plans for the youth peace corps in great detail. Unless the YCC idea is drawn to the attention of the Nation, there is serious danger that it will again be shunted aside.

The Humphrey proposal has called for a youth conservation corps of 50,000 in its

first year. Enrollment would be doubled in the second year, and the corps would reach full strength of 150,000 in the third.

Recruitment would be voluntary among youth from 16 to 21 years of age. Recruiting campaigns would stress opportunity for useful work in the outdoors. If past experience is a guide, there will be no difficulty in recruiting and maintaining a full complement.

As already noted, the YCC would not be a correctional or penal colony for hardened youthful criminals. No judge could sentence any youth to the camps. But there is no reason that youth guidance officers and the youth courts should not guide salvageable youth toward enlistment where such a course is advisable. In the main, however, the YCC purpose should be useful jobs for jobless young men.

The tools of the YCC would be shovel, spade, truck, and bulldozer. Because of size and task, a quasi-military discipline would prevail. Applied with reason, such discipline would add purpose and moral strength to those experiencing it.

YCC recruits would be paid \$60 a month plus room and board. Cost, including personnel and administration, is estimated at somewhat more than \$1,000 a year for each enrollee. At full strength, the project might cost \$200 million a year—a small price considering the potential return.

The YCC would not be a substitute for military service. Its objectives and work would be entirely different and separate from the Nation's Defense Establishment. Boys entering the YCC would have to take their chances on the draft the same as all others working at other gainful employment, or remaining in school. It is doubtful that this would be a deterrent to enlistment to youth facing job shortages or lacking training for existing jobs.

Enlistment would be for 6 months, with reenlistment permissible up to a maximum of 2 years under the Humphrey plan. Recruiters would concentrate upon urban areas with high unemployment and upon the distressed areas. Enrollees would work under supervision of adult professional conservationists such as Forest Service rangers. Educators and guidance officers would also be employed for work in the corps.

The program presented by Senator HUMPHREY may indeed be too limited. Resource and human neglect are such that a much larger force could profitably be employed. The cutoff age of 21 years seems low in view of the number of unemployed single youth under 25. Separate camps might well be established for presently aimless and jobless young men between the ages of 21 and 25.

CCC PRECEDENT

America has precedent enough for a youth corps at home. During the great depression of the thirties, the Roosevelt administration proposed and won approval of the Civilian Conservation Corps. The CCC became a major triumph for FDR who initially had been accused of establishing another leaf-raking outfit.

While the youth corps idea is New Deal, its restoration would be entirely consistent with the New Frontier of today. President Kennedy is pledged to rebuild the Nation's resources. Trees, water, land, and recreation are an integral part of any livable tomorrow. Employment of today's youth to help create such a tomorrow would be in the finest democratic tradition.

This year's bill for a Youth Conservation Corps is identical to that contained in the measure sponsored by Senator HUMPHREY in 1959. It is frankly modeled upon the Civilian Conservation Corps of yesteryear.

The CCC came into being during the hectic glory of the New Deal's famed first 100 days. It was a characteristic Roosevelt reply

to wasted youth and wasted land—dramatic and affirmative.

In calling for the CCC, the New Deal proclaimed that healthful outdoor work for youth was, in itself, a beneficial end. This end is as valid now as it was then. A YCC could accomplish what the CCC did before it—bring fitness and purpose into the lives of thousands.

A few weeks after enabling legislation was passed in 1933, Camp Roosevelt—the first of 2,600 camps—came into being just outside metropolitan Washington. This camp—and the others that followed—was under command of Army Reserve officers returned to duty for the purpose.

Reports made to Congress on the progress of the CCC showed that a spirit of comradeship and cooperation soon grew up among the urban recruits who flocked to the camps. The conservation job given the corps became a great challenge and the young men of the depression responded magnificently. In the 9 years of the CCC, there were few complaints of mismanagement, lack of discipline, harsh treatment, or boondoggling.

CCC camps mushroomed across the country. Full strength of 300,000 was achieved in short order and up to the war years there was a new applicant for every camp graduate. The camps were a New Deal showpiece until war caused their disbandment in the early forties. Because of high employment in the immediate postwar period, the camps did not become part of the Fair Deal program.

The YCC merits the support of even Republican conservatives, who proclaim that they are for time-tested programs of value to the Nation. The CCC record, virtually from the start, was one of solid achievement.

At the start, the CCC was almost as much maligned as the Works Project Administration which despite its make-work aspects, did much that was constructive. In the case of the CCC, however, an enthusiasm was generated that soon muted the criticism of even the worst New Deal haters.

The U.S. Forest Service, the National Park Service, the Bureau of Reclamation, the Soil Conservation Service, and other public and private conservation agencies soon saw the great possibilities of the CCC. With the entrance of such forces into the program, the boys were set to work at long-neglected resource restoration tasks.

Three million American boys served in the CCC over its lifetime. The statistics showed that corpsmen, on the whole, gained weight, had their medical and dental needs taken care of, and bloomed with health. In the challenge of their job, delinquency was forgotten. Most developed manual skills and many obtained vocational training as truckdrivers, bulldozer operators, carpenters, woodsmen, machine maintenance men, cooks, and in other trades and crafts.

Training soon became as important a part of camp life as pick and shovel work. Leaders emerged from the ranks and were recognized with command jobs, specialized tasks, and special training. The corps soon learned the art of fire prevention in the forest preserves. It learned to combat erosion and stop floods. It corrected and removed sources of river pollution and restored wasted soils.

The CCC planted some 3 billion trees, the basis of many of today's new forest growths. It strung almost 100,000 miles of telephone wire and brought powerlines into some rural areas. It built 45,000 bridges and more than 4,000 fire towers.

Great floods often start in freshets and creeks where cover has been torn away. The CCC built check-dams to hold floods by the thousand, and restored cover where it was needed. Literally millions of such projects were undertaken successfully by boys who had never before known the outdoors.

The CCC fought encroaching desert by planting grasses on land that had been sur-

rendered to the sagebrush. It restored cover in wildlife refuges that still serve as sanctuary for the Nation's ever scarcer wildlife. It built windbreaks that still dot the prairie.

The skills learned in the CCC were in evidence throughout World War II, and the physical fitness achieved in the camps served the Nation well during that ordeal. Conceived as a peace venture, the CCC had a defense value never envisioned by its originators.

Senator HUMPHREY has pointed out that in 1940 dollars, the CCC added \$1.5 billion to U.S. assets. Its real value is beyond monetary calculation.

Since the days of the CCC, deterioration of natural resources has reached dangerous proportions. River pollution has become a national scandal. A new dust bowl is threatening in the West. Forest stands inside and outside the public domain have been stripped or permitted to deteriorate.

Last summer, the Outdoor Recreation Resources Board reported that while population is booming, recreation land is dwindling. Speaking for this quasi-government agency, Laurence Rockefeller urged the Nation to acquire and develop land for recreation while there is time.

A youth conservation corps could perform miracles in restoring land for recreational purposes. It could be used in the grimly serious tasks of combating beach erosion. It could again build check dams against flood and erosion, and could eliminate sources of water pollution.

CONSERVATION PROBLEMS

Foresters estimate that there are some 275 million acres of timberland in need of improvement. Another 50 million need replanting to become productive again and to provide cover against flood and erosion. Some 300 million acres of farmland need rebuilding.

The proportions of today's conservation problems have been stated by Resources for the Future, a privately financed nonprofit organization. It estimates that \$17.5 billion must be spent over the next 10 years to check the spoliation of our natural resources. Because of population growth, the problem is far more serious than in the thirties. National survival as a leading power may depend as much upon attention to conservation as to space problems.

American youth can make a tremendous contribution to solution of the resource problem. Needed is the mobilization of youth for this creative purpose with as much seriousness as youth is recruited for the awesome tasks of destruction.

America knows how to reverse the depletion of her topsoils and to clean up her streams. Professional foresters and conservationists are eager to restore wasted forests and wornout lands. Lack of funds alone holds back the Nation. Youth simply awaits the allocation of funds and direction to play its part in rebuilding a land in which they and their children hope to live creatively. There is enough to be done to keep a youth corps busy for years ahead.

National service in such a corps can be a great unifier and can help to lend purpose to this Nation. If such a corps is permitted to become a source of national pride because of its works, it will be emulated throughout the world.

A youth conservation corps can be one of the Nation's great educational institutions. The Humphrey bill would set aside 20 percent of YCC time for educational activity. School dropouts and others who have set aside their books might again be induced to take an interest in learning, especially if education were in areas related to their lives.

Out of the CCC there came an awakening to the values of outdoors to thousands who had previously known only city pavements. In today's far more urbanized society, a YCC

could provide similar understanding for boys equally deprived of contact with land and forest.

America found that she could afford a CCC during the great depression, and that it brought to the Nation returns far greater than the dollars spent. America certainly can afford a similar, more limited program now.

Mr. HUMPHREY. Madam President, with respect to the youth conservation proposal, S. 404, which has very broad sponsorship in the Senate, a written proposal along the same lines, following some of the administration's suggestions, will be offered in a very short time.

I am glad to call this matter to the attention of the Senate because one of the most urgent needs today is gainful private employment opportunities for the young men who are graduating from high school or are dropping out of secondary schools.

I listened this morning to the former president of Harvard University, Dr. Conant, on the "Today" TV show. His report on the urgent need of employment opportunities for young men is something that surely gives me considerable concern.

I am hopeful that Congress will give these young men the opportunity for work in our parks, in our national forests, and on our public lands, along the lines of the Civilian Conservation Corps of the 1930's. I am hopeful that as the measure goes through the committee process we will act expeditiously in order to insure employment opportunities for these young men.

Mr. CASE of South Dakota. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CASE of South Dakota. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. METCALF in the chair). Without objection, it is so ordered.

HOUSING ACT OF 1961

The Senate resumed the consideration of the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

Mr. HUMPHREY. Mr. President, do I correctly understand that under the unanimous-consent agreement the housing bill will again be laid before the Senate at 1 o'clock?

The PRESIDING OFFICER. The Senator is correct.

Mr. HUMPHREY. Then at this particular time the Senate may proceed to the consideration of other business.

Mr. President, I move that the Senate resume the consideration of the Department of the Interior appropriation bill.

Mr. JAVITS. Mr. President, reserving the right to object—and I shall not object—I should like to ask for the yeas

and nays on my amendment, which is the pending amendment, to the housing bill. Then I would be relieved of the need to remain in the Chamber. Will the Senator from Minnesota yield for that purpose?

Mr. HUMPHREY. Yes, indeed.

Mr. JAVITS. Mr. President, I ask for the yeas and nays on my amendment to the housing bill. It is the pending amendment.

The yeas and nays were ordered.

INTERIOR DEPARTMENT AND RELATED AGENCIES APPROPRIATIONS FOR 1962

The Senate resumed the consideration of the bill (H.R. 6345) making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30, 1962, and for other purposes.

Mr. HAYDEN. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc; that the bill, as so amended, be considered as original text for the purpose of further amendment; and that no points of order against legislation in an appropriation bill be waived.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The committee amendments agreed to en bloc are as follows:

On page 2, line 10, to strike out "\$32,400,000" and insert "\$34,644,000".

On page 5, line 19, to strike out "\$71,000,000" and insert "\$71,500,000".

On page 6, line 3, after the word "law", to strike out "\$29,000,000" and insert "\$29,275,000".

On page 6, line 10, after the word "contract", to strike out "\$35,000,000" and insert "\$41,708,000".

On page 6, line 24, after "(72 Stat. 834)", to strike out "\$16,000,000" and insert "\$17,000,000".

On page 10, line 3, after the word "Basin", to strike out "\$21,690,000" and insert "\$22,786,500".

On page 10, line 11, after the word "Service", to strike out "\$17,500,000" and insert "\$18,238,000".

On page 10, line 20, after the word "exceed", to strike out "\$5,250,000" and insert "\$6,200,000", and in line 22, after the word "property", to strike out "\$34,000,000" and insert "\$39,807,500".

On page 17, line 2, after the word "activities", to strike out "\$49,500,000" and insert "\$50,200,000".

On page 18, line 11, after the word "substitutes", to strike out "\$24,800,000" and insert "\$25,100,000".

On page 18, line 18, after the word "Mines", to strike out "\$750,000" and insert "\$920,000".

On page 20, at the beginning of line 10, to strike out "\$35,000,000" and insert "\$60,000,000".

On page 22, line 10, after the word "law", to strike out "\$11,700,000" and insert "\$12,225,000".

On page 22, line 24, after the word "States", to insert a comma and "and in addition, the Secretary of the Interior is authorized to enter into contracts for the purposes of this appropriation in an amount not to exceed \$700,000."

On page 23, line 9, after the word "the", where it appears the second time, to strike out "Lower".

On page 24, line 21, after the word "deer", to strike out "\$23,000,000" and insert "\$23,972,000".

I believe the time has come to start cutting down.

I cannot see that this item has an immediate necessity. Therefore, I shall support the position of the distinguished minority leader—much as I dislike not supporting the position of the chairman of the committee, for usually I support him in the positions he takes; but I believe that we must decide whether we are going to try to provide everything everyone wants. One columnist said that the present policy of this administration and this Government is, "Ask, and ye shall receive. Ask not, and ye shall receive, anyway."

I think that is about the way we are proceeding. Unless we stop it, we shall find that when the chips are down, in the next few months and the next few years, we shall be very hard pressed to get together enough money to be able just barely to save our country and to keep it in existence.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator of Illinois.

Mr. WILLIAMS of Delaware. Mr. President on this question, I ask for a division.

The PRESIDING OFFICER. Those who are in favor of adoption of the amendment will stand and be counted. Those who are opposed will stand and be counted.

Mr. HART. Mr. President I suggest the absence of a quorum.

Mr. GRUENING. Mr. President I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, on the question of agreeing to the pending amendment, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. BENNETT. Mr. President, having obtained the floor, I do not want to interfere with the program of the majority leader, and shall be happy to yield to him.

Mr. MANSFIELD. Mr. President, I did not hear the Senator.

Mr. BENNETT. Having obtained the floor, I should like to go forward with my speech, but I shall be glad to yield to the majority leader if there is any other business that should intervene first.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the yeas and nays vote already agreed to on the Dirksen amendment be postponed until tomorrow.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. I thank the Senator from Utah.

Mr. BENNETT. I am happy to cooperate.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, notified the Senate that, pursuant to the provisions of section 1, Public Law 86-42, the Speaker had appointed Mr. MURPHY, of Illinois, as a member of the U.S. delegation of the Canada-United States Interparliamentary Group, on the part of the House.

The message announced that the House had passed, without amendment, the following bills of the Senate:

S. 215. An act for the relief of Ennis Craft McLaren;

S. 546. An act for the relief of In Fil Chung, In Ae Chung, In Sook Chung, and In Ja Chung;

S. 949. An act for the relief of John G. Tiedemann; and

S. 1064. An act for the relief of Samuel Pizar.

HOUSING ACT OF 1961

The Senate resumed the consideration of the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

Mr. BENNETT. Mr. President, I am a little puzzled by the show of panic represented by the \$9.3 billion housing bill before the Senate. This panic is illustrated by the fact that this bill proposes to spend as much as has been authorized by the same Federal housing programs since the beginning of these programs in the 1930's.

I refer my colleagues to page 64 of the committee report. It is shown there that the bill authorizes \$6.2 billion for new and existing housing programs. For these same programs, we have authorized \$6.4 billion since they began. But not included in these figures are expenditures for public housing. As of March 31, 1961, we had spent \$848,225,933 for public housing, representing all expenditures since the beginning of this program. In addition, an estimated \$150 million has been spent for administration of this program, for a total expenditure of approximately \$1 billion spent to date on public housing and its administration. This bill authorizes \$3.1 billion for public housing, three times the above amount. This excludes the problem of tax losses due to the tax-exempt status of public housing authority bonds. And it also does not take into account administrative expenses.

PANIC LEGISLATION UNJUSTIFIED

I would not be so concerned about such extravagance if I thought that our housing situation justified it. I would be willing to risk a little inflation if I thought a large segment of our citizens were going homeless. But the facts do not bear this out. This almost smacks of some of the same panic expressed by Russian leaders. In a speech broadcast by radio Moscow in 1957, Molotov said:

We are lagging—and badly—in house-building. We are justly reminded of this by the workers.

The trouble is, Mr. Molotov's statement is well justified, since the dwelling space per person in Russia is only 6 square meters, or approximately 60 square feet. This is the size of cell space allotted to inmates of Federal prisons in the United States, according to the Justice Department. I can, therefore, understand a sense of urgency in Russia's housing programs. And I could understand it if it were decided by the Russian leaders to risk busting their budget and inducing inflationary pressures to bring their housing up to safe and sane standards.

But for us I cannot see authorizing in one bill as much as has been authorized in all housing bills since their beginning in the 1930's to meet so-called emergency housing needs. Comparing our situation with that of Russia, we have at present an average of about 250 to 300 square feet of dwelling space per person, five times the Russian average.

These comments are not meant to imply that we should use the very inadequate Russian housing standards as a base against which to compare our housing programs. I agree wholeheartedly with the declared national housing policy of the United States, which is the realization as soon as feasible of the goal of a decent home and a suitable level of environment for every American family. My concern is that the authors of this legislation are using panic tactics to push through the most extravagant housing bill in history. And in so doing they are keeping very quiet about the great advancements we have made during the past decade. This legislation is advancing steadily but quietly through Congress under what are really false pretenses.

FEDERALIZED MIDDLE INCOME HOUSING UNNECESSARY

What concerns me most is the proposal to have the Federal Government move into the middle-income housing field—income brackets of \$4,000–\$6,000—under the guise that these people are trapped between public housing on the one hand and luxury housing on the other. It is incredible to me that, in proposing this program, the administration of the Housing and Home Finance Agency would not rely upon the 1956 housing inventory by the Census Bureau as to the housing status of America's great middle class. This is the latest census available. The complete 1960 data will not be out until later this year.

Referring to owner-occupied units, of the 7 million American families living in owner-occupied dwellings in the middle income brackets in 1956: First, 1,819,485 had a conventional mortgage; second, 1,188,547 had a VA mortgage; third, 698,570 had an FHA mortgage; fourth, about 2 million who had purchased with a mortgage held free and clear at the time of the 1956 inventory of housing, and fifth, there were over 1 million in this category who had acquired their homes without a mortgage.

As to the condition of these nonmortgaged properties, 93 percent of these occupied by the \$4,000–\$6,000 income group were not dilapidated.

Of more than 11 million families in the \$4,000–\$6,000 income bracket living in both owner-occupied and renter-occupied units, only 1,350,121 lived in either dilapidated housing or housing lacking facilities. I would like to point out that more than half of these units are located in nonmetropolitan, or rural, areas where adequate building codes are infrequent and where adequate housing codes are almost nonexistent.

These are official census figures. They repudiate the allegation that moderate-income families need a new form of public housing. If the Congress does not want to accept the 1956 housing inventory, it ought at least to wait a few months until the final housing part of the 1960 census will be available, and then Congress will be better able to judge the condition of housing for moderate-income families.

There were significant improvements in the quality of American housing between the 1950 census and the 1956 census. And preliminary figures issued by the Census Bureau last March indicate that the trend has continued through 1960. We should wait for these final figures before acting on this extravagant legislation. If Congress decides to go ahead after seeing the 1960 data, that is its prerogative. But I find it difficult to follow the reasoning that we should expand our Federal housing programs when the status of our private housing is being continually improved and upgraded.

Preliminary figures show that between 1950 and 1960, occupied housing increased by 10.1 million units, but the number of occupied units with complete plumbing facilities and good quality structures expanded by 16.5 million. These better quality units with complete facilities, which constituted only 64 percent of the total occupied inventory in 1950, represented 83 percent in 1960. Meanwhile, occupied housing of lower standard—in dilapidated structures or lacking some or all plumbing facilities—declined by 6.4 million units, or by two-fifths.

During the same period that our housing was improved, vacancies rose considerably. The number of vacant good-quality units available for rent or sale more than doubled, to 2.0 million units at the end of last year. This is equivalent to more than a year and a half's worth of new construction at recent rates of output. By the first quarter of this year, the rental vacancy rate, which was 2.6 percent in 1950, reached a postwar high of 8.0 percent.

Much of this supply of vacant housing appears to be well within the financial reach of low or moderate income groups. The typical rent of vacant units in the first quarter of 1961 was \$53 per month, and the typical asking price of vacant dwellings for sale was \$12,500, according to a Census Bureau sample survey. Roughly half of all vacant units were offered at rents or prices below these medians. This same report shows that the level of quality of these vacant units, as measured by plumbing facilities, did not change significantly over the period.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. BENNETT. I am happy to yield.

Mr. SALTONSTALL. The Senator states that the vacancy rate has increased to 8 percent. In the Senator's opinion, is that due to the recent unemployment problems, or simply the result of having more houses; or is it the result of both factors?

Mr. BENNETT. I am sure some people who are unemployed have had to find less expensive housing, but I do not believe they have moved out onto the streets and are living under the stars. I think the effects of unemployment might be to shift the pattern of vacancy, but I do not think it would increase the rate of vacancy tremendously.

Mr. SALTONSTALL. So, in the opinion of the Senator, the increase in the vacancy rate is due to an increase in number of houses, rather than to other conditions?

Mr. BENNETT. I think that is true. New houses have been built. Many houses are built by builders for inventory, with the expectation of selling them later. The rate of building is currently approximately 1¼ million units a year. Apparently our family formations have not been keeping pace.

I know many people in this country feel that everybody is entitled to move into a new house and that we should look down in pity on those who have to live in old houses. I think most vacancies, obviously, are in the older houses. This represents a shift from old to new houses.

Mr. SALTONSTALL. In the next paragraph of the Senator's speech he says:

The typical rent of vacant units in the first quarter of 1961 was \$53 per month, and the typical asking price of vacant dwellings for sale was \$12,500.

Am I correct in estimating that under the terms of the bill, using the 20-percent ratio of a man's income to determine what he should pay for a domicile—

Mr. BENNETT. That is the ratio the sociologists use, ordinarily.

Mr. SALTONSTALL. In this case, with a typical rent of \$53 a month, that would be well under the 20 percent for people who wished to occupy the house.

Mr. BENNETT. On this theory, any person who earned \$3,000 a year could pay \$53 a month for his rent.

Mr. SALTONSTALL. With a rent of \$53 a month and a sales price of \$12,500, the \$53 a month would be well under the 20 percent.

Mr. BENNETT. If the Senator is talking about men whose incomes are within the \$4,000 to \$6,000 bracket, that is correct.

Mr. SALTONSTALL. That is what the Senator is talking about.

Mr. BENNETT. That is the group I am talking about, and that is the new group to be subsidized under this bill. I thank my friend for emphasizing this point.

Further additions to the supply of housing are being made at a rising rate. Private housing starts in April were at a seasonally adjusted annual rate of

1,233,000 units, more than one-fourth above the December level of 970,000. Some further increase may be likely, judging from the expanded volume of outstanding mortgage commitments.

Another measure of improvement in our housing quality is data on expenditures for home improvements. In a new series of Census Bureau reports, the Census Bureau revealed that in 1960 Americans spent more than \$13 billion for the upkeep and improvement of their dwelling places. This is equal to 75 percent of the amount spent for new construction of all housing units. This brings the total expenditures for all residential building—including new buildings and upkeep and improvement of existing buildings—to nearly \$31 billion.

"HIDDEN TRICKS" IN THE BILL

The proposal to authorize this vast new spending without waiting for the detailed facts of the 1960 Housing Census is only one thing that bothers me about this bill. I wish to warn my colleagues against certain neat "hidden tricks" in this bill whereby public housing is offered to middle-income families under the cloak of the generally accepted section 221 program formerly limited to displaced persons.

First, this bill offers a 40-year, no-down-payment loan on a one-family residence of up to \$15,000 in the case of sales housing, and, of course, more for multifamily units.

To illustrate the effects of a 40-year mortgage, I invite attention to a table inserted in the hearings, based on 1961 prices, showing that a borrower with a \$13,500 mortgage—as opposed to \$15,000 for the section 221 sales housing program—acquires no net equity, after depreciation, in this residence until at least 20 years have passed. I refer my colleagues to page 800 of the Senate subcommittee hearings.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. SALTONSTALL. The Senator mentions the word "depreciation." How much depreciation is legitimately to be taken on a house of such quality and size, per year?

Mr. BENNETT. For a house which is supposed to last 40 years, I assume the figures are based on the idea that the house would be depreciated completely at the end of 40 years, and that would be 2½ percent per year.

Witness after witness has set forth data showing that for many years the homeowner will owe more on the mortgage than the value of his home, in the absence of a considerable amount of inflation.

I was, therefore, amazed to discover on pages 925 through 927 of the Senate hearings a table developed by the Housing and Home Finance Agency and inserted in the RECORD to show that a homeowner begins to acquire equity on a 40-year no-downpayment purchase beginning with the second year after acquisition.

However, the table has a footnote which admonishes the reader to study an accompanying memorandum for "assumptions and qualifications."

Fascinated by what appeared to me to be an exercise in dialectical logic, I read the assumptions and qualifications to discover how the agency was able to reconcile early accumulation of equity under such a program with an earlier agency pronouncement that the present section 221 program for displaced families, which is also no downpayment for 40 years, has resulted in a greater drain on the FHA insurance reserves than any other program.

Here, then, are the Agency's assumptions and qualifications to its conclusions that equity will start accumulating after the first year, instead of after the 20th year, as was concluded by the nationally known Wenzlick Real Estate Research Corp., which prepared the table to which I referred earlier.

First. That the homeowner will pay more than is required on this monthly payments. This is an assumption that must fall with a dull thud. Remember that we are dealing with moderate-income families. There is far from an impressive record of over-payment, even among homeowners of higher priced FHA housing who would be in a much better position to make such excessive payments.

Second. Changes in the value of the property over a 40-year term. Certainly, this does not lend weight to the early accumulation of equity unless there is an increase in value due to inflation.

Third. Changes in housing market conditions. Is this an argument in support of greater or less accumulation of equity? We no longer have the housing shortage which we suffered in the early post-World War II years. Witness even this year, when the easing of the mortgage market and the accompanying reduction in interest rates failed to be reflected in an upsurge in housing conditions. Remember those 2 million vacant units. Yet the Housing and Home Finance Administrator makes this assumption to support his early equity accumulation theory.

Fourth. Another assumption made by the Administrator is a change in the characteristics of the physical security by the addition of capital improvements. But there is just as much chance that these additional capital improvements will result in increased debt on the part of the homeowner and aggravate his poor, negative equity status rather than improve it as the Administrator would have us believe.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. SALTONSTALL. In substance, would that phase of the program not mean that the homeowner would have to spend money of his own to make the physical improvements because there would be a 100 percent mortgage on the home?

Mr. BENNETT. The Senator is correct. The homeowner would have to contribute cash at a rate faster than the rate of depreciation in order to bring about the condition assumed by the Administrator.

It appears, therefore, that the assumptions and qualifications to the

Agency's conclusion that equity accumulates after the first year are actually arguments against the Agency's position. This is as weird an exercise in dialectics as I have ever witnessed, and in my opinion reflects the desperation with which the Administration attempts to justify a program which does violence to reason. However, even using the Administration's table, if we take into account an average sales commission of 5 percent, the borrower still has no real equity until the 23d year.

The emotional and financial ties are broken down in a no-equity situation lasting 20 or more years. There is little, if any, financial incentive to encourage the mortgagor to hang on to the property. He could walk off and leave it to the government at any time.

A mortgage lender making 100 percent loans on a 40-year basis would not really be lending on real estate. Rather, his security would rest entirely in the FHA insurance and the probability that he would be buying FHA debentures is quite clear. The result is little different from public housing.

I believe the proposed program would be public housing of a new type designed to avoid the restrictions and difficulties that surround our present public housing program.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. SALTONSTALL. A 100 percent mortgage on a depreciating house would have value only on two conditions: First, if the value of the land underneath the house increased during the term of the mortgage; or, second, if there were inflation and the dollar became of less value.

Mr. BENNETT. Of course, to a very large extent the value of the land underneath the house would also depend upon inflation.

Mr. SALTONSTALL. Not entirely, because it might be located in an area in which there was an improvement in real estate values.

Mr. BENNETT. Yes, that is true, but ordinarily land also is a good underpinning of general inflation.

I have said many times that in my opinion the proposal is a new public housing device intended to bring more and more of our people into a situation in which they would be entirely dependent upon the Government for housing.

It is my opinion that no mortgage holders would risk these mortgages. Apparently the committee agrees with that belief, because the committee has added to the bill a provision for \$750 million, which FNMA can use to buy the 40-year mortgages. During the discussion in the committee it was proposed that the amount be \$1.5 billion, and I believe they will eventually have to have all of it, because they will get all the mortgages almost as fast as they are prepared.

A second far-reaching provision of this bill would extend a form of public housing to moderate-income families under the below-market-rate provision. Under this provision, a local public body, which includes public housing authorities, would be able to obtain Treasury funds

at interest rates under current conditions as low as 3½ percent, and at 100 percent of cost, to build and operate rental housing for moderate-income families, with the mortgages eligible for purchase by FNMA.

The Federal Housing Administration and the Federal National Mortgage Association are brought into the picture only by debasing their underlying economic soundness. The result is the same—Government-owned shelter to a new tenant class, America's middle class—at subsidized rents.

There is a third "hidden trick" in this bill. Title II of the bill authorizes home improvement and rehabilitation loans of up to \$10,000 per dwelling unit to be repaid over a period of 25 years. This is a sweeping change from the current program for home improvements of \$3,500 for 5 years for single-family homes or \$2,500 per unit for 7 years for multi-family structures. A smart person could tie this feature together with the 40-year, no downpayment mortgage and come up with more than a \$20,000 total loan in the case of sales housing with a 25-year mortgage on one part and the remaining portion of a 40-year mortgage on the other part, both with no downpayment. It would simply be a matter of building the units in two steps. The first step would be the 40-year mortgage for a basic part of a unit. Then, after a few years, the mortgagor could add additional rooms under the \$10,000, 25-year rehabilitation program and allow both mortgages to run concurrently, with no downpayment in either case. Thus, instead of \$15,000 we have now granted \$25,000, less any amounts paid on the basic mortgage, and subject to a current limit \$22,500 for a total mortgage.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. SALTONSTALL. What would happen to the guarantee or the underwriting of the original mortgage which was based on 100 percent of cost, with no downpayment, with this additional amount? Would that mortgage go up, too?

Mr. BENNETT. No, that mortgage would stay where it is. But, as I understand, the man who operates on that basis has the Federal Government behind him. In one case he will have made a mortgage which FNMA, in my opinion will have to buy. In the other case, he will have made a loan on which he has 25 years to pay. He is not forced to increase his first mortgage. He has two concurrent obligations backed by the Federal Government, and I think he could walk out and leave either of them. I do not think he would have any fundamental obligation, because at any point within the first 20 years the property value would not equal the value of the basic mortgage and the improvement debt the homeowner has put on the house.

The above are examples of the hidden tricks in this bill. There are many others. My point is that Congress should put a spotlight on this legislation and beware of the pitfalls it contains.

HOW FAR CAN WE GO?

My concern over this legislation is broader than the specific points I have raised here. I have a philosophical aversion to continually expanding the Federal role in housing to serve as a political crowbar whereby Senators and Congressmen promise ever greater Federal assistance each year in the hope of buying political favor.

Take, for example, the basic section 203 program, first enacted in 1934. Under the original law, the statutory ratio of insurance to loan value was 80 percent and the mortgage limit was for 20 years for a home up to \$16,000. In 1938 the ratio of insurance to loan value was raised to 90 percent for the first \$6,000 of a mortgage for new housing and the term was extended to 25 years. In 1948 the ratio of insurance to loan value was raised to 95 percent for the first \$6,000 of the mortgage for new housing and the term was extended to 30 years. In 1950, the 95-percent ratio was applied to mortgages up to \$7,000, or up to \$8,000 in high-cost areas, with lesser ratios for amounts above that. In 1954 the ratio was raised to 97 percent of the first \$10,000 of value. In 1958 the 97-percent ratio applied to the first \$13,500 of value, with lesser ratios above \$13,500 to a maximum mortgage of \$20,000. Finally, in 1959, the basic 97-percent ratio was continued for mortgages up to \$13,500 and the maximum mortgage was extended to \$22,500 for 30 years.

We come to the end of the road with respect to value. I suppose the time for repayment of the mortgage could be pushed up to 50 years, but I think we have already passed the point where this process would produce any obligation on the part of the home buyer. I am very much impressed by the fact, as I indicated in my earlier table, that in spite of all of this, the big proportion of the American people are buying and building their homes under other than FHA guaranteed mortgages. This illustrates the trend in one of the most basic of our programs. Now we have a proposal for a 40-year mortgage with no downpayment for middle income families. This is a new program beginning from a much higher plateau. How far can we go? It seems that this is about the limit in offering liberal provisions for downpayment and mortgage terms. However, maybe next year a proposal will come forth which would even offer a \$1,000 grant to someone agreeing to sign one of these mortgages.

I think that we should step away from the trees and take a look at the forest and reassess our whole basic position. Do we want to maintain our traditional free enterprise philosophy with respect to housing, or do we want to replace that with complete federalized welfare housing for our citizens?

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. SALTONSTALL. I appreciated very much the opportunity to listen to the Senator discuss this problem, because it concerns me very much as to whether we should extend a 40-year no-down-payment loan to this class of hous-

ing, when all the indications are that housing is going along at a reasonably satisfactory rate. The Senator mentioned that it was at the rate of over 1,200,000 units a year. Is that correct?

Mr. BENNETT. That is correct.

Mr. SALTONSTALL. There has not been any great problem connected with financing these houses. Is that correct?

Mr. BENNETT. That is right. At the same time, the vacancies are increasing. At the present time they amount to 8 percent, according to the Bureau of Census figures.

Mr. SALTONSTALL. People have stated that a man who gets one of these houses with no downpayment for 40 years on his mortgage is tied to that house, if he wants to move to another location or if he wants to move to another city, because the mortgage may become greater than the depreciated value of the house, and under those circumstances he would have to pay out of his own pocket for that house if the mortgagees sold for less than the value of the house.

Mr. BENNETT. That is one way of looking at it. It seems to me that if I found myself with a house for which I had paid \$13,500 and I had paid on it for a number of years and then discovered that I still owed \$13,000 on it, and that all I could get for it was \$11,000, I believe I would walk out and leave it, because the mortgage is guaranteed to the lender. In fact, the Federal Government will probably be the owner of the mortgage. I do not believe any private investor would invest money in that kind of mortgage.

Rather than tying the man to the house, I believe this would give him an excuse to decide that he liked a different house or a better house somewhere else. He would merely default and walk out and leave the house. There is apparently nothing to prevent him from getting another no-down-payment, 40-year mortgage on another house.

Mr. SALTONSTALL. What the Senator is saying is that the mortgage is really not a mortgage on the real estate, but a mortgage which is based upon the guarantee of the Federal Government.

Mr. BENNETT. Entirely so. That is all there really is behind it.

Mr. SALTONSTALL. If the man walks out, am I correct in understanding that the Government becomes the owner of the house if the mortgagor defaults?

Mr. BENNETT. Yes, after foreclosure proceedings have been carried through.

Mr. SALTONSTALL. If the value is not there for the mortgagor to sell.

Mr. BENNETT. That is correct. I have another observation. In the deal for the house for which there would be a no down payment mortgage for 40 years, there will be included many items which do not have a 40-year life. Included will be kitchen equipment. That has a life of perhaps 10 or 15 years, at the most. I have been in the business of selling building supplies. I do not see how anyone could try to get anyone to guarantee a roof for 40 years. One would be lucky to get a guarantee for 10 years and then be lucky to find

someone who will live up to that guarantee if the roof should need repairs. So we are dealing with items that have a life much shorter than 40 years, and taking 40 years to pay.

Mr. SALTONSTALL. Under present law it is 25 years, as I understand.

Mr. BENNETT. No; it has gone up to 30 years for some of the basic sales programs.

Mr. SALTONSTALL. The pending proposal would extend it from 30 years to 40 years?

Mr. BENNETT. It has gone up to 30 years for our basic programs. The proposal now is to make it 40 years for this new program.

Mr. SALTONSTALL. It would extend it to this class of dwellings, with no down payment. Is that correct?

Mr. BENNETT. There is a 40-year program which is limited to people who are moved out of their previous homes by Government action—the building of highways or urban renewal or public housing, or for some other similar reason. The proposal before us would open it up to everyone in the middle income groups.

Mr. SALTONSTALL. As one who has always supported slum clearance and housing bills, the pending bill disturbs me greatly, because of these extensions which seem to me to put the problem directly into the hands of the Government. The Government would be taking on a great many more houses, and will destroy the impetus that comes from private building and the incentive that comes from private ownership of residences.

Mr. BENNETT. All of these 40-year no-downpayment houses will be built with the backing of Government money, and eventually the Government will supply the money by direct draft on the Treasury through the Federal National Mortgage Administration.

Mr. SALTONSTALL. I thank the Senator.

Mr. BENNETT. I said earlier that I wondered where we could go when we got to 100 percent for 40 years. I recently received a letter from a gentleman who said in effect, "The time has come when the Federal Government must go into the business of buying houses to tear them down. We cannot keep our mechanics busy. We should therefore buy 100,000 houses a year and destroy them so we can be sure 100,000 houses will be built to replace them."

That is not seriously before us, but it indicates the kind of thinking that goes into the proposal that makes the Federal Government responsible for private houses for people without imposing any real financial obligations upon them in the process.

UNANIMOUS-CONSENT REQUEST WITH RESPECT TO UNUSED TIME FOR DEBATE

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all time for debate not used and reserved on all amendments to S. 1922, the housing bill, considered prior to Wednesday, under the unanimous-consent agreement en-

FARM LEGISLATION

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the RECORD a letter to the editor which was published in the Wall Street Journal for the 16th of May 1961 entitled "Fall Guys." I think it is a very interesting letter to the editor, and it deals with the problem of farm legislation.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

FALL GUYS

Edna M. Tuft's excellent "Victim, Not Victor" letter on farm legislation in your issue of April 13 underlines the fact that the Wall Street Journal, with all its editorial acumen and economic sagacity, has never quite understood the economics of agriculture.

You often speak of the farmers as a favored class, and this, in any real sense, they are definitely not. Farmers are, and have always been—perhaps always will be—the ultimate "fall guys."

The reason should be obvious. Every producer of raw materials is at the mercy of buyers unless he is able to adjust his production to demand, and if necessary to starve the buyer into higher prices. Some can do it. The oil man can and does shut down his pumps. The miner closes his pits and slows his smelters. Even the lumberman can lay off his crews. The fishing fleet does not sail.

Only the farmer, in his millions of small units, largely unorganized and plagued with internal dissensions and rivalries, producing in a fixed cycle which may be 1 to 3 years, cannot reduce quickly or effectively.

That is the justification, and the only possible justification, for Government intervention. The alternative is the old reliable system of volume control and equality in bargaining by ruining the least efficient farmers.

The argument against that system is not economic, but sociological. Is it or is it not desirable to maintain the largest practicable number of independent farm family units? Does or does not much of the Nation's intellectual force and moral character originate there? Is or is not a bold peasantry as valuable for this country as for Goldsmith's England? It is at least arguable.

Whether Government intervention to date has been stupid, ineffective, and fantastically costly is another question altogether. But if it is, do not blame it on a "favored" agriculture.

ARTHUR H. JENKINS.

THOM McAN LEADERSHIP AWARD
TO PATRICIA ANN LITTON

Mr. MORSE. Mr. President, Patricia Litton of Woodrow Wilson High School in Portland, Oreg., has won first place in the Thom McAn Leadership Awards. She will receive a \$1,000 scholarship to a college, or university of her choice and an all-expense paid trip to Washington, D.C. and New York City.

I ask unanimous consent to have her prize winning essay, entitled, "Why I Want To Go to College," printed in the RECORD.

There being no objection, the essay was ordered to be printed in the RECORD, as follows:

WHY I WANT TO GO TO COLLEGE

(By Patricia Litton)

When I graduate from college, I hope to possess, in my mind and in my heart, the qualities I will need to serve my country

abroad. It is my desire to become a member of the United States Foreign Service, to play an active role in strengthening the bonds between men and nations, and to dedicate my life to the preservation of world peace. These goals are of the greatest importance to me. But before they can be realized, I must make myself a better person, worthy of the responsibilities I will accept in life. This is why I want to go to college.

A valuable diplomat, I believe, is one who knows the country in which he is serving—its history, its culture, its economic needs, its political ideals, and who speaks its language fluently. He is sensitive to the fact that its people, though they may have external differences, have basic needs and desires which correspond very closely to his own. A diplomat must therefore understand himself to serve as a disseminator of understanding. The intellectual freedom of college life will give me the opportunity to discover my strengths and weaknesses, to determine my beliefs and aspirations, and to establish a set of values that will give me the courage of my own convictions. Added to this self-discovery, I hope to develop a mind capable of clear and intelligent thinking, a mind which continuously seeks the truth and never becomes too satisfied with its own knowledge to realize how much it does not know.

To graduate from college with an excellent education and the realization that this education will continue all through life, with every new acquaintance and experience—this is the purpose of a college education. To graduate with a solemn pledge to use this knowledge in serving humanity through the diplomatic service—this is the culmination of a college education.

THOM McAN PRESS RELEASE

Two Portland high school seniors won scholarships in the national Thom McAn Leadership Awards. Leading all female students from 1,236 high schools across the country, Patricia Ann Litton, senior student at Woodrow Wilson High School won the first place award of \$1,000 and an all-expense trip to Washington, D.C., and New York City. Patricia is the daughter of Mr. and Mrs. Don E. Litton of 6900 Southwest 15th Avenue. John Edgar Bryson, of Cleveland High School, son of Mr. and Mrs. James Bryson of 6211 Southeast 29th Avenue, won sixth place among male students and a \$250 scholarship.

Patricia Litton ranks first in her class of 444 students and has maintained an A average all through her high school career. She is rated superior by her faculty advisers on all counts of motivation, industry, initiative, influence and leadership, concern for others, responsibility, integrity and emotional stability. In describing her character, her counselor said: "Academically, Patti ranks first in the senior class. Socially, her contributions have earned the respect and admiration of teachers, classmates and community. Personally, she is a lady in the best sense of the word, thoughtful, intelligent, and attractive. Her values are very mature for a high school girl. She is the personification of the student who makes one feel that the future in the hands of the young will be good."

Of her own ambitions, Patti wrote in the prize-winning essay which accompanied her application for scholarship: "When I graduate from college, I hope to possess, in my mind and in my heart, the qualities I will need to serve my country abroad. It is my desire to become a member of the U.S. Foreign Service, to play an active role in strengthening the bonds between men and nations, and to dedicate my life to the preservation of world peace. These goals are of the greatest importance to me. But before they can be realized, I must

make myself a better person, worthy of the responsibilities I will accept in life. This is why I want to go to college."

In her essay, Patti showed a clear understanding of the requirements of diplomatic service. "A diplomat," she said, "must understand himself to serve as a disseminator of understanding."

John Bryson is the only student in a class of 373 who has maintained a 4.00 grade point average through 3½ years of his high school career. He is, in the words of his counselor, "concerned with academic experiences that will give him an insight in a variety of subject matter areas. He has set very high standards for himself through participating in our Gifted Child program in mathematics and social studies. John does extremely well academically; however, he is equally as strong as a leader."

President of the junior class, he is president of the school chapter of the National Honor Society, president of Sigma Phi, a boys' service club, president of the student council, student body president. A member of the basketball team, John has been commended by his coach for his leadership qualities.

In his prize-winning essay, John wrote: "Wisdom has never been more desperately needed than it is now. We know that there is no defense against the most destructive modern weapons. Both the victor and the defeated will lose the next war. Therefore, we must have understanding and cooperation between the nations of the world, and it is only with the wisdom of the citizens within the nations that an understanding can be achieved. A desire for knowledge and understanding, then, is my reason for going to college. My college experience must be the basis upon which it will be decided whether I will make a contribution to society through wisdom or will just eat my share, drink my share, and put in my 40 hours a week."

John Clifton Thoms of Ballard High School, Seattle, Wash., won first place in the Thom McAn Leadership Awards among male students and will be Patricia Litton's companion on the trip to Washington, D.C. and New York City. Candidates were judged on academic standing, extracurricular activities, exemplified leadership and student and faculty respect as well as their papers on higher education.

Judges of this year's Thom McAn Leadership Awards were: Senator Styles Bridges; A. B. Weller, chairman of the board, the Meadow Brook National Bank; Dr. Austin Wright, head of the English Department, Carnegie Institute of Technology; Joseph J. Francomano, administrative vice president, Junior Achievement, Inc.; Rev. Andrew Young, associate director, Department of Youth Work, National Council of the Churches of Christ.

Mr. MORSE. Mr. President, I have had this high school student essay printed in the RECORD because ever since the time of Socrates the older citizens of each generation have deplored what was happening to the younger generation. For some reason, Mr. President, the older generation—or at least many people within it—always seems to think the younger generation is "going to pot."

I have never shared that pessimistic view about the younger generation. I am perfectly confident that our younger generation, which is the beneficiary of more than 150 years of free education in this country, can be relied upon to be guardians and protectors of our system of freedom.

As one reads Miss Litton's essay one will find adequate documentation for my expression of faith in the younger generation. That is why I am so happy to have the essay printed in the RECORD.

Mr. President, I yield the floor.

A GOOD HOUSING BILL THE MEANING OF FEDERAL HOUSING LEGISLATION FOR ALASKA

Mr. GRUENING. Mr. President, in the report on S. 1922, it is stated on page 2, that, in submitting his excellent housing program to Congress, the President aimed to accomplish three basic national objectives:

1. Renewal of our cities and the assurance of sound growth in rapidly expanding metropolitan areas.
2. Provision of a decent home for all of our people.
3. Encouragement of a prosperous and efficient construction industry as an essential component of general economic prosperity and growth.

The President's objectives accord with the State of Alaska's objectives in this important area of government. As reported to the Senate, I believe S. 1922, if enacted, will carry out the announced Presidential objectives and go far toward meeting the 49th State's special housing needs.

The State of Alaska, our Nation's last frontier, represents a unique challenge to the programs advanced by the New Frontier in Washington. Our State's problems, because of our geography, and our overlong status as a territory, require solutions different from those applicable in the other States. As Alaska develops into a fullfledged State our developing economy will no longer require specialized solutions now needed to solve specialized problems.

In housing the difference between the kind of Federal assistance required in Alaska and in other States is less marked than with some other Government programs.

In Alaska, as in our sister States, there is a continuing need for the historical programs of housing mortgage insurance and low cost public housing which began nearly 30 years ago and have long since been recognized as among the most significant examples of the governmental genius of the New Deal. The effectiveness of a program of Government insurance of housing loans in providing our citizens with decent housing is unquestionable, and its continuation is assured.

Alaska, however, has some special housing needs for which S. 1922 provides.

ADDITIONAL HOUSING NEEDED

Alaska is a growing State, a trend that is certain to continue with the westward movement of our population. Nowhere is this more evident than at Anchorage and Fairbanks, where the defense of the United States is the most important business of these communities. At Fairbanks, the location of vital defense installations, a critical situation has arisen due to lack of sufficient housing for workers stationed at these bases and their

families. The mayor of Fairbanks, the Honorable J. M. Ribar, has informed me that the city is losing

all of personnel to be stationed at Clear [missile base] because of our inability to furnish standard housing of the two- three- and four-bedroom size at rental cost commensurate with the present salary rates.

Fairbanks, among Alaskan cities, is not alone in its need for additional housing, of course. The mayor of Ketchikan, the Honorable R. N. Hardcastle, has also emphasized the need of that city for additional housing to be obtained at more liberal terms. There are other cities, as well, where relaxation and extension of loan insurance provisions will be of great assistance in meeting housing shortages.

From Juneau, our beautiful capital city, City Manager Lauris Parker reports an urgent need for additional housing units. A survey by the Juneau Chamber of Commerce, made this year, of housing needs of the 27 Federal agencies and 18 State agencies located there showed a requirement for 195 rental units and 115 homes needed for purchase in the Juneau area. Low-cost housing is badly needed for Indian residents of the area where the abnormally high number of fires and incident loss of lives and property points up a critical situation due to inadequate housing.

Coast Guard personnel stationed at Juneau as a result of the recent establishment there of the 17th Coast Guard District are also a group in special need of rental housing. The District Commander has written concerning this as follows:

For some years now there has been a critical shortage of adequate housing for Coast Guard military personnel in the Juneau-Douglas area. As a result, too many of our personnel have to put up with substandard, inadequate housing—too often at rentals bordering on the exorbitant. As a related problem, too many of our personnel have to seek temporary hotel accommodations on original entry into the Juneau area. Too often this temporary living goes on for an undue length of time, upward to or exceeding several months, at substantial personal expense to the individual and at prolonged discomfort to the family, especially where small children are involved. Moreover, in too many cases, when a coast-guardsmen is fortunate enough to find himself even inadequate housing, he is not given the usual stateside benefit of a lease, so that he is placed continually in the insecure position of being a pawn to the whims of his landlord. Unfortunately the foregoing describes the rule—not the exception.

Obviously, this creates a serious morale problem—for next to seeing that his wife and kids have a full stomach, the most important need of any man is to see that his family has a secure and adequate roof over its head.

Dillingham is also a community in need of additional housing. Mr. Eldon L. Gallear, manager of the Dillingham Public Utility District, informs me that Dillingham is experiencing population growth from the return to their homes there of large numbers of Alaskans who have been working in the lower 48 States, but find the opportunities greater on the last frontier. A good fishing season last year has increased the registration of fishing boats in the Dillingham area from approximately 350

in 1960 to about 900 this year. A new boat harbor is now under construction and, if this can be enhanced with the construction of a fish-processing plant, there will be a further increase in population with the addition of many fishermen who could work a longer period of time than is now possible.

According to Mr. Gallear:

There is already a housing shortage. People who work at Dillingham during certain periods of the year return to their homes in other parts of the State due to the critical shortage of housing. If this were alleviated these people would stay in Dillingham.

To accommodate the new residents, Dillingham could use at least 50 new housing units every 2 years.

For these cities, and all the others in a similar situation, there is particular urgency to enact the provisions of S. 1922 for Federal insurance of loans for moderate-income families and for additional public housing units.

COMMUNITY FACILITIES PROGRAM

In sparsely populated Alaska there are a number of extremely remote communities, unlike those in any other part of the United States. Nome, Bethel, Dillingham, Kotzebue, and Point Barrow, the farthest northern community in the country, are examples of small towns where the daily routine of living is far more complicated by reason of a remote location than is the case anywhere else in the country. All of these are unconnected with any other community by highway or railway. In these towns, struggling for economic development and civic improvement, may be seen most clearly the benefits of community facilities loans.

In these areas need is urgent for the construction and rehabilitation of basic community facilities—streets, water and sewage treatment systems, all the public works required by modern communities—if these towns are to thrive and grow. The increased authorizations for community facilities provided by S. 1922 will be especially welcomed in these towns.

URBAN PLANNING

In other parts of Alaska established communities are rapidly developing following discovery and production of natural resources, particularly oil. Among the most striking examples of these cities are Kenai and Soldatna, on the Kenai Peninsula, where there is a new and thriving oil and gas field. This is one of the parts of Alaska showing the most exciting promise of rich industrial development. Kenai and Soldatna, and other communities there are in need of additional housing in a hurry to accommodate the oil field workers and their families, and to make room for all the associated service and professional workers who are beginning to come there in ever-greater numbers.

Along with the evident need for construction of housing in these cities, there is a special need for the help that can come from urban planning grants. These are cities that, without this assistance, might become unsightly and badly organized. There is still time to prevent this, before population grows

The PRESIDING OFFICER. The Senator will state it.

Mr. SPARKMAN. Is the pending question now the amendment offered by the Senator from New York [Mr. JAVITS]?

The PRESIDING OFFICER. The pending question is on the Javits amendment.

Mr. SPARKMAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, I also ask unanimous consent that the time required for the quorum call be not charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

APPROPRIATIONS FOR AIRCRAFT, MISSILES, AND NAVAL VESSELS FOR THE ARMED FORCES

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1852) to authorize appropriations for aircraft, missiles, and naval vessels for the Armed Forces, and for other purposes, which was, to strike out all after the enacting clause and insert:

That funds are hereby authorized to be appropriated during fiscal year 1962 for the use of the Armed Forces of the United States for procurement of aircraft, missiles, and naval vessels, as authorized by law, in amounts as follows:

AIRCRAFT

For aircraft: For the Army, \$211,000,000; for the Navy and the Marine Corps, \$1,585,600,000; for the Air Force, \$3,670,200,000; *Provided, however,* That \$337,000,000 of the foregoing \$3,670,200,000 is authorized only for the procurement of B-52 and/or B-58 bomber aircraft.

MISSILES

For missiles: For the Army, \$550,800,000; for the Navy, \$606,400,000; for the Marine Corps, \$27,000,000; for the Air Force, \$2,792,000,000.

NAVAL VESSELS

For naval vessels: For the Navy, \$2,925,000,000.

Mr. SPARKMAN. Mr. President, I move that the Senate disagree to the amendment of the House, ask a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. RUSSELL, Mr. STENNIS, Mr. SYMINGTON, Mr. SALTONSTALL, and Mrs. SMITH of Maine conferees on the part of the Senate.

HOUSING ACT OF 1961

The Senate resumed the consideration of the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly

urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

Mr. JAVITS. Mr. President, I yield myself 15 minutes on the amendment which is the pending business. When we terminated the discussion on the amendment on Friday last a number of questions had arisen with respect to the amendment I am proposing, which I would like to answer today. Before I do so I would like again to put the whole question of the amendment in focus, as follows.

Nothing has been done for a considerable period of time for what is properly called moderate income housing, although a great many efforts have been made in that regard for some time. Moderate income housing relates to the housing needs of those people who live in families whose income is lower than what is needed to rent or buy reasonable, respectable private housing, and yet whose incomes are higher than would in the main qualify them for public housing. This is a group of families which are in the so-called gap. This is a very serious and large gap, as the evidence shows. Hence, the great need for doing something to meet the housing requirements of those families.

To give some idea of the size of the gap, I call the attention of the Senate to page 88 of the committee report on the bill, which reflects the testimony of J. Clarence Davies, chairman of the Housing and Redevelopment Board of New York City, one of the witnesses who, in 1960, supported this particular amendment when it was a separate bill before the Committee on Banking and Currency. Mr. Davies pointed out that in a representative, very large city like New York, more than 88 percent of the city's 2,228,000 families had incomes of less than \$10,000 a year, and more than 45 percent, or almost half the population, was in the \$5,000 to \$10,000 a year bracket.

Yet when we consider rental housing, we find that three-quarters of all the units of private housing for rental completed in New York in the last year for which figures were available, which was 1958, came in the area of between \$85 and \$125 a month, with an average monthly rental per room of \$47. The normal family can hardly get along with less than four rooms, so that would cost an average of \$155 a month per dwelling unit. It is normally assumed that in the area of 20 to 25 percent is what shelter ought to cost. It can be readily seen, therefore, that shelter is not available strictly from the private enterprise standpoint in a great city like New York to very much more than one-half the population, considering the income level of those families.

Also, again as bearing upon the very large area with which we are dealing here, I call attention to the family income brackets which are shown at the bottom of page 83 of the committee report.

Taking a representative city like Philadelphia, we find that the income of 32 percent of the people fell between \$4,000

minimum and \$6,000 maximum, again in the representative year—in this case, 1956. That is the gap about which we speak. Normally, it is estimated that about 40 percent of the population, either in terms of population which rents or population which buys its dwelling space, fits into that gap. This is the area which the amendment which I have proposed seeks to fill in terms of making housing available. This is also the area, I may say, in which the administration, in its so-called 40-year, no-downpayment plan is trying to fill, as well.

The big difference between my amendment and the administration's measure is this: My amendment proposes to inaugurate a program in which Government credit is utilized to get low interest rates through in order to make available the housing at the costs which the modern income families can afford to pay. This is done under my amendment by collective financing; that is, by the issuance of bonds by Government corporations. This represents a fund of mortgage money available for this kind of housing construction. The difference is that the administration plan proposes that the traditional FHA mortgage procedure shall be undertaken, except that it provides a very long term for those mortgages—40 years—and proposes to give, if it can, a below-market interest rate of the individual mortgages, knowing that if it did give a below-market interest rate, those mortgages are not very marketable. The administration plan sets up a very large fund in the Federal National Mortgage Association which will insure the purchase of that kind of mortgage, which it is proposed to dispose of at a rate below the market rate.

There is great opposition to the 40-year, no-downpayment mortgage for many reasons. The primary reason for the opposition is the very element of no downpayment and the fact that the Government, so far as I can see now, will have to take over the whole mortgage by its acquisition in the Federal National Mortgage Association; whereas under my plan the Government would guarantee the securities—the bonds—which would be issued by a limited-dividend corporation, a federally started corporation, a U.S. Government corporation, and the responsibility for financing would be borne by the public at large.

This is a very serious difference, because my amendment involves very much smaller sums of money insofar as the Government is concerned. Yet with the same leverage and accomplishment for building moderate income housing, it also involves an investment by the individual homeowner which gives the same sense of responsibility in connection with the whole enterprise. Let us analyze that one step further.

My amendment creates a system which is analogous to the public housing system in terms of the marketability of the bonds, which are the fundamental financing, but with this enormous difference. For public housing an annual subsidy, voted by Congress, is necessary on the part of the U.S. Government in order to sustain these properties year in and year out; under the amendment

and too much helter-skelter construction takes place. There could be no legislation more directly suited to the needs of these communities than the provisions of S. 1922 for increasing the Federal share of planning costs and increasing the authorization for appropriations for this purpose.

In this connection, Alaskans welcome the inclusion in S. 1922 of the open space preservation provisions of the bill. There is nothing more important to Alaskans than the enjoyment of our magnificent scenery and wilderness areas. Love of the outdoors and of nature are predominant characteristics of the people of my State. Thus, it would be regrettable if the new cities that are growing in Alaska should be ruined by a failure to preserve that which is so dear to the hearts of the inhabitants. While I recognize the particular interest of the crowded industrial eastern cities in the preservation of open spaces, I would emphasize that in Alaska there is, also, a special interest in this, and I shall enthusiastically support the provision of the bill which would make possible the saving of some open spaces around our cities.

URBAN RENEWAL

In contrast with the new communities of Kenai and Soldatna, developing with the oil industry, there are older, established cities of Alaska that present different, but also urgent, housing needs. Juneau, established before the gold rush days of 1898, and Ketchikan, the most easterly and southerly of the cities of Alaska, are communities in which much housing was constructed long ago, some of it run down and obsolete. These cities are in special need of urban renewal, and of the help from the provisions of S. 1922 for home improvement and rehabilitation loans on long terms and with low-interest rates.

At Anchorage, our metropolis, there is, as at Juneau and Ketchikan, considerable old housing and some blighted areas which will benefit greatly from increased urban planning and urban renewal assistance. Anchorage, growing fast, will also need additional help in planning and constructing public works for the community.

I support enthusiastically the provisions of S. 1922 for increased capital grant authorizations for urban renewal projects, and the home improvement and rehabilitation program, as I believe these programs have much to offer the cities of Alaska, such as Juneau and Ketchikan, as well as others where there is older housing that should be improved or cleared and rebuilt.

The increase in authorization for college housing loans in S. 1922 is especially welcomed by the University of Alaska, at College, Alaska. This school, the northernmost institution of higher education under the flag, is in the process of becoming a great and important university which will produce ever-increasing numbers of graduates to make useful contributions to the State and the Nation. The university is even now facing, along with other schools throughout the United States, a critical shortage of housing for students and faculty

which threatens to retard its development. The program of college housing loans is particularly needed here, and I look forward to seeing the enactment of its proposed liberalization.

In closing, I extend my congratulations to the able chairman of the Housing Subcommittee of the Banking and Currency Committee, the Senator from Alabama [Mr. SPARKMAN], the members of the entire committee, and its staff, for their fine service in reporting S. 1922 to the Senate. They have completed a difficult task with distinction in having brought to the Senate a housing bill which can be of exceptional benefit to the Nation.

At the conclusion of my remarks, I request unanimous consent that there be included in the RECORD the text of telegrams I have received from mayors of cities of Alaska commenting on the needs of their communities for Federal housing assistance.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

FAIRBANKS, ALASKA, June 3, 1961.

ERNEST GRUENING,
U.S. Senator, Senate Office Building,
Washington, D.C.:

Reference your inquiry concerning housing needs for the City of Fairbanks. It is estimated that new homes at the rate of 50, 1961; 100, 1962; 100, 1963; 150, 1964; 100, 1965 are needed. Our greatest need at the present time is the development of two-bedroom houses and up in size for rental purposes. Especially housing developed under section 213 of title II of the Housing Act. This city is losing all of personnel to be stationed at Clear because of our inability to furnish standard housing of the two, three and four bedroom size at rental cost commensurate with the present salary rates. Additional housing is needed for personnel to be added to the university staff. By 1965, our estimated needs will exceed 500 units.

J. M. RIBAR,
Mayor, City of Fairbanks.

JUNE 3, 1961.

Hon. ERNEST GRUENING,
U.S. Senate
Washington, D.C.:

During past 2 years new housing starts in Ketchikan has come to almost standstill although numerous existing houses overage and substandard plus fact Ketchikan continue growth in population. Initiation State ferry system next year will create additional housing demands. Believe broadened FHA housing program with lower down payments and interest rates would stimulate housing construction to meet population growth and to replace worn out structure.

R. M. HARDCASTLE,
Mayor.

SOLDOTNA, ALASKA, June 5, 1961.

ERNEST GRUENING,
U.S. Senate,
Washington, D.C.:

Soldotna needs not less than 45 homes by end of year some 100 house trailers of all description being used in area many of these unsuitable.

BURTON CARVER,
Mayor.

ANCHORAGE, ALASKA, June 6, 1961.

ERNEST GRUENING,
Senate Office Building,
Washington, D.C.:

Statement on housing needs urgent continuing program for assistance in urban

planning studies within area covered by Anchorage metropolitan general plan approximately 140 square miles need for low rent housing in city of Anchorage preliminary estimate of 100 dwelling units low interest rate bank loans and continuing need for relocation assistance urban renewal programs Anchorage city general plane document complete July 31 will forward.

JOHN W. AULT,
Director of Planning.

CORDOVA, ALASKA, June 5, 1961.

Senator ERNEST GRUENING,
U.S. Senate,
Washington, D.C.:

Cordova has about 75 severely substandard housing units and could use an additional 25.

Mayor LOUIS D. BANTA,
City of Cordova.

HOUSING ACT OF 1961

Mr. SPARKMAN. Mr. President, I have talked with the distinguished Senator from Alaska regarding his proposed amendment to S. 1922. I think it is perfectly in line with the changes we have heretofore made in bills because of high costs in Alaska. I am perfectly willing to accept the amendment. I ask unanimous consent that the pending business be temporarily laid aside and that the Senate resume consideration of the housing bill.

The PRESIDING OFFICER (Mr. ENGLE in the chair). Without objection, it is so ordered.

The Senate resumed the consideration of the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the pending amendment, offered by the Senator from New York [Mr. JAVITS], be temporarily laid aside in order that the amendment to be offered by the Senator from Alaska [Mr. GRUENING] may be considered.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRUENING. Mr. President, I call up my amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Alaska will be stated.

The CHIEF CLERK. On page 42 it is proposed to substitute the following for lines 5 and 6: "(2) striking in paragraph (5) '(\$2,500 per room in the case of Alaska or in the case of accommodations designed specifically for elderly families),' and inserting in lieu thereof '(\$3,000 per room in the case of Alaska, or in the case of accommodations designed specifically for elderly families \$3,000 per room and \$3,500 per room in the case of Alaska)';"

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alaska.

The amendment was agreed to.

Mr. SPARKMAN. Mr. President, a parliamentary inquiry.

which I offer, in the moderate income field no such subsidy is necessary or called for. The first part of the enterprise—that is, the flotation of the bonds themselves—does the whole job. In New York a very fine market for public housing bonds was found. This assures, I think, a very fine and ready market for the bonds for moderate income housing.

The big difference, it seems to me, is reflected by what the committee itself says with respect to its own 40-year no-downpayment plan. The committee says on page 3 of the report:

Section 101 of the bill would authorize on a temporary, experimental basis a new FHA mortgage insurance program which would assist private enterprise to provide homeownership for families of moderate income.

On the following page, page 4, the report reads:

The committee, therefore, feels that it would be wise to treat this new program as an experimental one which could be reviewed by the Congress before extension beyond July 1, 1963.

The program which I have proposed as an amendment is not an experimental one; on the contrary, it is tried and true and has been found eminently satisfactory for the very need which we are trying to serve. I emphasize that point. I realize that not many Senators are in the Chamber now, and that this amendment will not come to a vote until tomorrow. Nonetheless, I hope that Senators will read the RECORD. I hope very much—and I say this especially to Senators on the majority side—that Senators will disentangle their thinking from the cliché that since the bill is an administration proposal, it is therefore right. It is not necessarily right as a matter of course simply because it is an administration program. I think I can claim, in all honesty, to be as much in favor of housing as any other Senator. I can be just as grateful to the administration as any other Senator for opening the door to a moderate income housing program, which is what the 40 year, no-downpayment plan is. But I say: Go a step further: Go through the door. If there is a better plan, which is not experimental, which has been tried and found entirely workable, as the one I propose is in the State of New York, why reject it simply because it is a plan which is not uniquely the administration's idea and initiative.

I respectfully submit, without charging anyone with bad faith, because that is quite unnecessary in a situation of this character—and I am sure bad faith does not exist—nonetheless, I have the deep feeling that if the program which I propose as an amendment had been first thought of by the administration, that is the one they would have proposed to Congress, because it is so consistent with the very point and principle which the administration makes for a moderate income housing program.

On Friday last I placed in the RECORD an extraordinary record of performance. Mind you, Mr. President, this has all taken place since 1955, so we have for consideration a very current, extraordinary record of performance made by

the very program which I present as an alternative to the one provided for in the bill. This record has been made in the State of New York, both on the State level and on the city level. Over 30,000 units—and this is to be found at page 78 of the committee report—have either built or are in the process of construction in the city of New York and in the State of New York, and approximately \$425 million in mortgage funds has been committed. In other words, those bonds have been floated and have been bought by the public; otherwise, the money would not be available. The enormous difference is that if the administration's program had been tried, for the same 30,000 units, it would have required \$427 million—the amount of mortgage money involved in the New York program—for FNMA, whereas my proposal will require only the "seed" money of \$100 million, with which the Federal Government will get a limited-dividend housing corporation started, and will get back its money just as soon as the enterprise accumulates a sufficient reserve. It will do that fairly quickly, because it will charge one-half of 1 percent for exactly that purpose, in connection with its operation.

So the difference is the difference between a program which the administration frankly labels experimental and a program which has been tried and has been found extremely satisfactory and successful in a great State which has every conceivable housing condition which can be found in the entire Nation. Because New York is truly the Empire State, and this kind of construction has taken place both in New York City and in smaller cities in New York, and all have been very successful—and also at a small proportion of the cost of the plan proposed by the administration, because it is a 40-year, no-downpayment plan. At the same time, our program avoids the problems and the issues which arise in connection with the 40-year, no-downpayment plan, because of the fact that it is felt very strongly by many Members of the Senate that to have no downpayment would be very unwise and would jeopardize the security of the enterprise itself.

Finally—and this is very important—under my plan there will be very representative and very responsible entities which will promote this type of housing.

The PRESIDING OFFICER (Mr. METCALF in the chair). The time of the Senator from New York has expired.

Mr. JAVITS. Mr. President, I yield myself an additional 5 minutes.

The PRESIDING OFFICER. The Senator from New York is recognized for an additional 5 minutes.

Mr. JAVITS. For example, Mr. President, in the city of New York and in the State of New York, trade unions are promoting these projects, and tenant cooperatives are promoting them, and there is the possibility that employers will do precisely the same thing—and also organizations or associations of almost every kind or character. Thus, there is a ready receptacle for those who have a common interest in providing housing for moderate-income families.

In addition, there is in New York a pattern by means of which those promoting entities for this type of housing find it very convenient to seek agreements with municipalities for limited tax exemptions, which are very useful for municipalities, because they will put in place of a sterile piece of land or a slum or a blighted area, a beautiful piece of construction which in the years ahead will be a credit to the community and will be a taxpaying entity. Therefore, communities find it very convenient to allow tax exemptions or tax standstills, in order to permit such projects to get started.

In addition, the power of condemnation is allowed—it is often given, in New York—and thus materially reduces the cost of the land sites themselves.

All these features lend themselves to the plan I have proposed, but do not develop in connection with the moderate-income housing plan proposed by the administration.

Mr. SPARKMAN. Mr. President, will the Senator from New York yield for a question?

Mr. JAVITS. I yield.

Mr. SPARKMAN. The Senator from New York knows that I have been quite sympathetic with his program; but he also knows that I have had some reservations about how it would work throughout the entire country.

In order to clarify my own thinking, let me ask the Senator from New York whether the central thought is that there would be a government underwriting, central corporation—

Mr. JAVITS. Yes.

Mr. SPARKMAN. Something like the Home Loan Bank Board?

Mr. JAVITS. Exactly.

Mr. SPARKMAN. What would it be in the individual States?

Mr. JAVITS. First, let me say that I have rarely been as encouraged in putting forward a new idea as I have been by the open mindedness of my colleague, the Senator from Alabama, notwithstanding the fact that he is the administration's floor manager for the bill, as I understand very well. So I am very grateful to him. Also let me say that—regardless of whatever may happen to my amendment now—I am so confident that this is the right way to proceed, that I really feel that this course will be followed, even if we do not follow it right now—although I hope we do.

Mr. SPARKMAN. Let me say to the Senator from New York that many years ago I learned—as I know he did—that many times it may take several years to get a good idea perfected into legislation. In that connection, I think, for instance, of the Small Business Investment Company Act.

Mr. JAVITS. Yes, and I remember it very well—a program in connection with which the Senator from Alabama has been so outstanding a leader.

Mr. SPARKMAN. Let me say that Senator O'Mahoney, of Wyoming, offered such a bill even prior to the time when I introduced my first bill on that subject. At any rate, I introduced such a

bill 8 or 10 years before it was finally enacted; and year after year we kept hammering away on it. The Senator from New York has seen similar developments in connection with other proposals, of course.

Mr. JAVITS. Yes.

Mr. SPARKMAN. I think there is merit in the Senator's plan, and I realize that it has worked well in New York. But how many million people are there in New York?

Mr. JAVITS. Almost 17 million in the entire State.

Mr. SPARKMAN. Yes, almost 17 million persons in a relatively compact area, which includes giant insurance companies, corporations, savings banks, commercial banks, mutual banks, and similar institutions—all of which constitute a climate for the organization of the machinery necessary in order to do this job.

But such a climate does not exist in Wisconsin, for instance, or in Alabama or in Arizona or in many other parts of the country. That is what I am wondering about.

Mr. JAVITS. In the first place, New York is one of the largest States, in terms of territory; and in New York there are vast reaches—as large as any in Alabama, for instance. The State of New York, from New York City to Buffalo, extends for 450 miles, approximately; and from New York City to Rouses Point, on the Canadian border, is almost the same distance. So New York State is enormous in size.

The PRESIDING OFFICER. The additional time of the Senator from New York has expired.

Mr. JAVITS. Mr. President, I yield myself an additional 5 minutes.

The PRESIDING OFFICER. The Senator from New York is recognized for an additional 5 minutes.

Mr. JAVITS. Second, Mr. President, the experience to which I have been referring is Statewide experience, not limited to New York City.

Mr. SPARKMAN. I realize that.

Mr. JAVITS. The only climate needed is a climate of interest in a proposition of this character.

The Senator from Alabama referred to Wisconsin. I think there would be precisely the same interest there.

Mr. SPARKMAN. I referred to Wisconsin only because our friend, the Senator from Wisconsin, was standing nearby at the time.

Mr. JAVITS. I realize that.

The question is, how would it work?

It would work in a relationship, first, directly between a Federal corporation and individual promoters. It is conceivable that a trade union, or an employer such as a large aircraft company or meat-packer, would find it a convenient way to develop housing, after which it would sell the housing to its employees. As I have said, trade unions have done it. It is conceivable that Masons organizations, Elks lodges, or other organizations which would have the initiative to use their organizations for this purpose to get the program off the ground would do so.

Second, my amendment provides that a State may also set up such an entity which will actually be the channel through which this kind of enterprise may get started in the State, the promoter dealing with the State agency, which in turn deals with the Federal Government.

I have little doubt that benefits would come from such an arrangement in New York State, notwithstanding the fact that we have an active and working program. Our State housing agency would make contact with the appropriate Federal housing office to develop this kind of program.

There are a number of peripheral benefits which strongly commend themselves and which have been sharply brought out by our colloquy. Instead of the untried 40-year no-down-payment plan, here is a proposal which offers benefits in a feasible plan.

I reserve the remainder of my time, and I yield the floor.

INTERIOR DEPARTMENT AND RELATED AGENCIES APPROPRIATIONS FOR 1962

The Senate resumed the consideration of the bill (H.R. 6345) making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30, 1962, and for other purposes.

JEFFERSON NATIONAL EXPANSION MEMORIAL

Mr. SYMINGTON. Mr. President, the appropriation bill for the Department of the Interior being considered by the Senate today contains \$3,497,000 for the Jefferson National Expansion Memorial in St. Louis, Mo.

This memorial will soon rise on the banks of the Mississippi River as a monument to that great westward expansion which made America truly a nation.

Funds now to be made available will bring this National Park almost to completion. But \$500,000 in additional funds will be required in subsequent years.

As my colleagues know, this project has been under consideration for more than 25 years. President Roosevelt gave his full support in the mid-1930's. But the depression and the two wars long delayed its progress.

Over recent years, as the result of the fine mutual cooperation of local officials, many dedicated individuals, the National Park Service, and the entire Missouri congressional delegation, steady progress was made, to now culminate in this Senate approval today.

I take this opportunity to thank my colleagues, and all those whose hard work and cooperation have made this memorial possible.

APPOINTMENT OF GEN. CURTIS E. LEMAY AS NEW AIR FORCE CHIEF OF STAFF

Mr. SYMINGTON. Mr. President, President Kennedy is to be congratulated on the choice of Gen. Curtis E. LeMay to be the new Air Force Chief of Staff, to succeed an able and brilliant leader, Gen. Thomas D. White.

As is known to Members of the Senate, General LeMay has one of the most distinguished military careers in the history of aviation.

Except for the Congressional Medal of Honor, he has every high award this Nation can bestow both for heroism and ability, including the Distinguished Service Cross, the Distinguished Service Medal with two oak leaf clusters, the Silver Star, the Distinguished Flying Cross with two oak leaf clusters, and the Air Medal with three oak leaf clusters.

In addition he holds many foreign decorations including the British Distinguished Flying Cross, the French Legion of Honor, and the French Croix de Guerre with Palm.

As a combat flier, LeMay led his men in their defense of freedom.

As commander of the USAF in Europe, he directed operations during the critical period of the Berlin airlift.

As head of the Strategic Air Command, more than any other man he is the one any possible aggressor has considered with apprehension during the past decade of the cold war.

Able, forthright, dedicated, America is fortunate to have his extraordinary capacity for courageous leadership recognized by the President.

Mr. President, I ask unanimous consent that articles from the New York Times, May 23, and the Baltimore Sun, May 23, and editorials from the Washington Star, May 24, the Washington Post, May 24, and the New York Herald Tribune, May 24, be inserted at this point in the RECORD.

There being no objection, the articles and editorials were ordered to be printed in the RECORD, as follows:

[From the New York Times, May 23, 1961]

AIR CHIEF OF JET AGE: CURTIS EMERSON LEMAY

Gen. Curtis Emerson LeMay, nominated yesterday to be the next Air Force Chief of Staff, is a decidedly outdoors type, with one overriding quality: forced. Sometimes this quality makes him seem mostly gruff and dominating. At other times it makes him appear implacable and unduly blunt. It has been said that his abhorrence of socializing and small talk, together with his unrelentless advocacy of airpower, would deprive him of the top uniformed job in his service.

The stories told about him emphasize this. One story is that when a group of colonels invited him to dinner, he replied coolly: "A man should have dinner with his friends, and the commanding general has no friends."

SAID WHAT HE WANTED

At his first staff conference in Germany, in 1947, he told his officers at headquarters:

"I want to see all my key staff officers at least once a week. Don't bother to knock, just walk in. If I'm busy I'll tell you to get out. I want men of action in my organization who can make their own decisions."

Then he added, in what demonstrates one of his most admirable traits:

"If you make an occasional wrong one, I'll back you up."

While in England he once cautioned his officers with:

"Now I don't want to hear of any of you men getting into any fights with the British. But if you do, you'd better not get whipped."

What this 54-year-old disciplinarian always had in place of tact, however, was fairness. He rewarded the men who made good just as he broke those who failed. He never asked his men to do what he would not do himself.

LED DANGEROUS RAID

For instance in 1942, as commander of the 305th Bomber Group, the then-Colonel LeMay declared there would be no more zigzagging evasive action to avoid antiaircraft fire; then he led the next raid over Saint-Nazaire and kept his plane on a straight course for 7 minutes through murderous enemy fire.

Curtis LeMay has been a general for 18 years, winning his brigadier's star in September 1943, after leading the first B-17 raid over Regensburg, Germany.

In August 1944, he was a major general assigned to the China-Burma-India theater. There he initiated low-level, nighttime incendiary attacks on Japanese industrial centers.

HELPED PLAN ATOMIC RAIDS

His first attack on Tokyo, in March 1945, ravaged 10 square miles in the industrial heart of the city. That August, as Chief of Staff of the U.S. Strategic Air Forces, he took a major part in planning the atomic bombing of Hiroshima and Nagasaki.

In 1947 General LeMay was assigned to command the U.S. Air Forces in Europe. He directed the Berlin airlift from June 26 to September 30, 1948, occasionally flying a transport that broke the Soviet blockade. When the blockade was ended, he was called "the one man who licked the Russians."

In October 1948, he was commanding general of the Strategic Air Command, and held the post until 1957, when he became Air Force Vice Chief of Staff.

The son of a French-Canadian ironworker, General LeMay was born in Columbus, Ohio. He was inspired by Charles A. Lindbergh's solo transatlantic flight in 1927, and became air-minded.

Although eager to go to West Point, he could not get an appointment. So he took the civil engineering course as Ohio State University, working in a foundry at night, and at other jobs to get through.

He failed to graduate with his class—1928—because he lacked credits. However, he was accepted as a flying cadet and was sent to the Reserve Officer Training Corps primary and advanced flying schools. He became a second lieutenant in January 1930.

In 1942, the chain-cigar-smoking colonel was in England as part of the 8th Air Force, one of the first Army Air Forces units to enter combat in World War II.

Through his career he has been frequently apart from his wife, the former Helen Estelle Maitland, whom he married in 1934. But she, also a believer in keeping busy, took over the leadership of the Dependents Assistance Program in 1948. They have one daughter, Patricia.

[From the Baltimore Sun, May 23, 1961]

LEMay NOMINATED TO HEAD AIR FORCE

(By Mark S. Watson)

WASHINGTON, May 22—Gen. Curtis E. LeMay, the most distinguished of American combat fliers of World War II, today was at last assured his long-delayed arrival at the top of the U.S. Air Force.

On June 30 he will be moved from his present No. 2 post as Vice Chief of Staff, to that of Chief of Staff.

SMITH TO GET SECOND POST

He thereby will succeed Gen. Thomas D. White, who has held that high office for the customary period of 4 years, General White then planning retirement.

Into the No. 2 post will be advanced—by coincidence on his 53d birthday—Gen.

Frederic H. Smith, Jr., who now commands the U.S. Air Force in Europe.

If almost anyone in the Air Force—or, indeed, in any of the other armed services—were asked to name the outstanding Air Force officer, a combination of Mr. Bomber and Mr. Missile, he would promptly reply "Curt LeMay."

One would guess that only LeMay's unrestrained plainspeaking has kept him thus long out of the top post. One also would guess that even in that exalted position he will go right on expressing himself plainly and vehemently.

FIRST FIGHTER PILOT

LeMay was born in Ohio in 1906. Soon after graduating from Ohio State University he was enrolled as a flying cadet and began his steady climb in proficiency and in grade—first as a fighter pilot but quickly moving over into bombing.

In 1937 he participated in the Army Air Force's initial mass-flight demonstration with the new B-17 planes, over South America, and again in 1938, winning the MacKay Trophy at that time.

With World War II underway in Europe, he pioneered the two major transatlantic flight routes from South America to Africa and from North America to Great Britain, by which American-made planes were rushed to the Royal Air Force.

TOOK GROUP TO EUROPE

In 1942 he was given command of the 305th Bomber Group, which he took to Britain in 1943.

Thereupon he began development of both formation procedures and bombing techniques which proved immensely successful in the mass bombing of German-occupied Europe.

Having devised his theories, LeMay unflinchingly proved them in practice by leading the earliest formations in their difficult and hazardous missions.

CONTINUOUSLY REVISED

These techniques were revised continuously to cope with newly disclosed dangers and to circumvent the German defensive techniques.

Thus, when the depleted German Air Force devised the trick of delaying part of the interception until the allied bombers, often crippled and always short of gas, were returning from their mission, LeMay had his formations give up the usual return route across France—they flew in relative safety to bases in north Africa.

Having established the practices of mass bombing for the B-17's, and demonstrated them repeatedly until the Normandy invasion was an assured success, General LeMay was transferred to the Pacific, where he set up still more advanced techniques for the new and more powerful B-29 formations.

LED JAPANESE RAIDS

It was these which he then continued to lead, from Guam and the Marianas, in the enormous raids over Japan.

The war over, LeMay, now Chief of Staff of Air Forces in the Pacific, was ordered to duty in Washington. Typically, he piloted his own plane all the way from Hokkaido, Japan, to Chicago, thereby setting a distance and speed record.

He was given the new post of deputy chief of the air staff for research and development, but in 1947 sought and was given another field command—this time in Europe, where he stayed long enough to organize the plans for the Berlin airlift.

[From the Washington Star, May 24, 1961]

FIGHTING FLYER

The Air Force has picked its toughest "boy" to be Chief of Staff, and this is as it should be.

When President Kennedy nominated Gen. Curtis E. LeMay for this top command he was not reaching out for a chairborne general or a military diplomat. He was picking a do-it-yourself flyer, whose 30 years-plus in the air service have been marked by a consistent pattern of energy, action and accomplishment.

The stories of General LeMay's brusqueness and toughness are many and colorful. They can be documented. But these qualities have been only incidental to his dedicated passion for making the Air Force a constantly better and stronger fighting outfit. World War II gave him a worthy stage and the formation procedures and bombing techniques which contributed so much to victory in Europe were largely the product of LeMay planning and personal experimentation. In the vast area of the Pacific, he did the same thing with bigger planes and their more devastating capacity for destruction. For almost a decade, from 1948 to 1957, he was boss of the Strategic Air Command. It is hardly an exaggeration to say that when he took command he picked up the outfit and shook it by the neck, and in the years that followed he drove it tirelessly toward his own concept of what the Nation needed to deliver massive retaliation.

Since 1957, General LeMay has been relatively calm and noncontroversial as Vice Chief of Staff. There has been some speculation that that would be the end of the line for "Old Iron Pants"—not because he doesn't have what it takes to be No. 1 but because he might rub some brass, civilian or military, the wrong way. Now he is being moved up and this is good—good for the Air Force, and for the Nation's security.

[From the Washington Post, May 24, 1961]

LEMay AS CHIEF

Associates of Gen. Curtis E. LeMay are amazed, it is said, over the transformation that has gradually come over the once blunt and forbidding airman. Whereas this gruff general with the familiar cigar used to have virtually no small talk, he now exudes cordiality at chance meetings in the Pentagon.

In others this might be a sign of affectation or too much exposure to Washington banalities. In General LeMay it is an indication of the much more profound broadening and maturing that have taken place during his 3½ years as Vice Chief of Staff of the Air Force under the able and balanced Gen. Thomas D. White. This capacity for growth is no doubt a significant factor in President Kennedy's decision to nominate him as the next Air Force Chief of Staff.

It has not been so long since General LeMay was identified rather bombastically with championship of one particular doctrine to the virtual exclusion of all others—namely, the massive strategic deterrent. He seemed at times to couple this advocacy with a narrow insularity and chauvinism.

No one questioned his competence; he was an extremely capable chief of the Strategic Air Command at a time when the security of the United States depended very largely on manned bombers. It was his job to be tough, and he was. The questions arose over his ability to understand other views and to tolerate other services, or even the place of tactical air and missiles in the Air Force.

No one ought to conclude that General LeMay has suddenly become a docile and unaggressive fellow. He remains a tenacious fighter for his viewpoint, and he scarcely has a bedside manner. But he has carefully avoided braggadocio in public; he has demonstrated loyalty to decisions once made and he has developed a capacity to work with others in mutual respect. Moreover, he has cultivated a valuable balance in looking to the steady, long-pull needs of the Air Force. Under the direction of a civilian official of

the caliber of Secretary Zuckert, General LeMay should do well.

[From the New York Herald Tribune, May 24, 1961]

COLORFUL NEW CHIEF FOR THE AIR FORCE

Appointment of Gen. Curtis E. LeMay as the new Air Force Chief of Staff comes as no surprise. The vigorous, cigar-smoking former Strategic Air Command chief had long been rumored as most likely successor to the scholarly Gen. Thomas D. White.

One thing certain is that the Air Force is going to have a colorful leader, probably the most colorful member of the Joint Chiefs. By temperament a man of action, he thrives on the legends that have grown up around him.

The new Air Force chief is also a firm believer in the necessity for manned aircraft even in a dawning age of missiles; one who still considers it important to have a pilot up there where he can make decisions. He is counted as a tough administrator and a strong advocate of what he thinks is right, though perhaps less inclined than General White to contemplative deliberation in arriving at his choices.

He also is counted as a man of intelligence and a hard worker—qualities his new job will give him plenty of chance to display.

Mr. THURMOND. Mr. President, will the distinguished Senator yield?

Mr. SYMINGTON. I am glad to yield to the distinguished Senator from South Carolina.

Mr. THURMOND. I should like to associate myself with the remarks just made by the able and distinguished Senator from Missouri concerning the appointment of General LeMay as Chief of Staff of the Air Force. I feel he is one of the greatest military men in this country and that he will make one of the greatest Chiefs of Staff the Air Force has ever had.

Mr. SYMINGTON. I thank the able Senator from South Carolina, who is one of the most knowledgeable men in this body on national defense.

The distinguished senior Senator from Nebraska, on hearing I was going to refer to General LeMay today, said he too would like to add his approval of this worthy appointment.

MESS AGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

EXECUTIVE MESS AGES REFERRED

The PRESIDING OFFICER (Mr. METCALF in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the Committee on the Judiciary.

(For nominations this day received, see the end of Senate proceedings.)

HOUSING ACT OF 1961

The Senate resumed the consideration of the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, ur-

ban renewal, and community facilities, and for other purposes.

The PRESIDING OFFICER. The Senator from South Carolina [Mr. THURMOND] is recognized for 10 minutes.

Mr. THURMOND. Mr. President, only 27 years ago, Congress initiated legislation to stretch the interpretation of the welfare clause of the Constitution just enough to ease the National Government into the field of housing. It was a modest and respectable beginning. The first program was soundly designed and self-sustaining. It operated on the principle of reinforcing and strengthening private capacity to provide housing.

The FHA program has proved successful. Nearly one-third of all private non-farm housing now comes within the loan guarantee programs of FHA, or its war-born cousin, the veterans loan guarantee program.

Mr. President, there is no evidence that anyone was overly concerned with the precedent set by the ultra vires character of the first injection of the National Government into this area of endeavor. My research reveals no demand that the undertakings in the housing field await amendment of the Constitution. After all, FHA was a sound program, and the need for it could be demonstrated. The dire consequences of that innocently appearing deviation from the Constitution are now staring us in the face in the form of the omnibus housing bill of 1961. S. 1922 is a far cry from the sound program with which the unconstitutional excursion into the field of housing by the National Government was begun.

The country was hardly given time to become accustomed to the sound, but unconstitutional, program of FHA before the concept of subsidy was enacted in the Public Housing Authority program in 1937. While FHA was a departure from the letter of the Constitution, PHA, based on the concept of Government subsidy, flagrantly violates both the letter and the spirit, of not only the Constitution, but of the totality of the concept of Government which the Constitution sought to implement. FHA was the conditioner with which the constitutional defense was breached, thus leaving the concept of subsidy as the sole remaining major obstacle to be overcome by PHA in order to demolish the lid to the Pandora's box of National Government programs to usurp, confuse and conquer the field of housing.

Unlike FHA, its predecessor, PHA was neither sound, self-sustaining nor respectable. Rather than reinforcing and strengthening the capacity of the private segment of our economy to provide housing, PHA competes with and fetters private capacity. Due to the competition, or potential competition, from low-rent subsidized PHA projects, private owners of low-priced rental housing found themselves unable to economically operate and maintain, and unable to finance needed repairs of, their rental property. Thereby did PHA substantially contribute to the creation of inadequate and unsanitary housing, to which we refer as slums.

Having contributed to the creation and perpetuation of slum housing through PHA in 1937, the National Government, rather than acknowledging the error of its ways through repeal of PHA, pursued the unsound course of subsidy even further with the urban renewal program enacted in 1949. This program, also based on subsidy, was theoretically designed to correct and eliminate the slums which PHA had helped to create and perpetuate. The displacement of persons incident to urban renewal, however, served as a pretext for more PHA housing, which, in turn, contributed to the creation of additional slums and greater efforts to expand urban renewal programs. The monstrosity reported by the committee to the Senate in S. 1922 is the vicious offspring of this self-defeating circle.

From the meager beginning in 1934 with the loan guarantee program of FHA, the National Government has, with the omnibus housing bill of 1961, gone the full circle to the acceptance and usurpation of the responsibility for the provision of shelter for all Americans from the private sector of our economy where it belongs. Even the soundly designed program of loan guarantees under FHA would, under this bill, be sacrificed to the poisonous concept of subsidy; for by no other means could a program which authorizes the guarantee of no downpayment, 40-year loans be sustained.

The bill before us not only is at odds with the Constitution and based on the untenable concept of subsidy, but also ignores all practical considerations demonstrated by experience in the housing field. Mr. President, the extension of FHA guarantees for no downpayment, 40-year loans will make the FHA another creator of slums. It requires more than the financial ability to merely make timely mortgage payments for one to successfully exercise homeownership. Other costs are involved for maintenance and preservation of the property itself. The terms which are provided in this bill for FHA guarantees will encourage and persuade those without the financial ability to exercise homeownership to embark on the purchase of properties which they cannot maintain and many of which will, in due course, fall into the category of inadequate and unsanitary housing, which will no doubt inspire in this body renewed pleas for new programs of slum clearance.

Admittedly, Mr. President, it is difficult to conceive of anything additional which could be included in what is loosely referred to as the housing legislation considered by the Congress. Already it has gone far beyond the field of housing and now overlaps into the field of education with assistance to colleges, and into the field of community facilities including almost every conceivable form of public works. One who did not know better, and who attempted to judge by the provisions of this bill, would think Americans had truly been reduced to desperate straits for shelter and are now living, at least in part, in public transportation vehicles; for included within this bill is a program for subsidy to mass transportation systems for cities

and towns. One might also believe that the park benches are overcrowded, for there is even money sought to be authorized in this bill for the acquisition by communities of open space.

Mr. President, the doing of this much violence to the traditional concept of the division of responsibilities between government and private individuals is neither easy nor cheap to accomplish. The chairman of the Banking and Currency Committee, which reported this bill, estimates the outlay authorized to exceed \$9 billion. It involves the authorization for housing programs of almost as much money as has been authorized by Congress in the 27 years since Congress took its first timid step over the constitutional boundary with FHA in 1934. We do not here propose to pay for our own iniquities, however, Mr. President. Most of the costs of this bill will be in the form of deficit financing and added to the already burdensome national debt. This debt will be visited upon the backs of posterity, so that future generations will not only be deprived of the splendid heritage, based on freedom and initiative which our forefathers devised to us; but those future generations will also have to bear the financial burden created as a cost for destroying their heritage. It is an ignoble legacy, which I for one emphatically decline to join in devising. I would not contribute to the justification of the charge by future generations that seldom have so many owed so much because of so few sensible people in our generation.

Mr. SPARKMAN. Mr. President, I yield to the Senator from New Jersey [Mr. WILLIAMS], from the time on the bill, such time as he needs.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

OPEN SPACE

Mr. WILLIAMS of New Jersey. • Mr. President, I wish to voice my strong support for title VI of the housing bill, S. 1922, containing the major provisions of the open space bill, S. 858, I introduced on February 9 of this year.

I will say frankly that when I introduced this bill I anticipated a rather lengthy incubation period. But in his housing message to the Congress on March 9, the President spoke very feelingly about the urgency of the problem when he stated:

Land is the most precious resource of the metropolitan area. The present patterns of haphazard suburban development are contributing to a tragic waste in the use of a vital resource now being consumed at an alarming rate. Open space must be reserved to provide parks and recreation, conserve water and other natural resources, prevent building in undesirable locations, prevent erosion and floods, and avoid the wasteful extension of public services.

While calling for the development of a long-range program and policy for dealing with this problem, he also declared that the problem was "so urgent that we must make a start now."

I might say, parenthetically, that much the same sort of situation applies in the field of mass transportation. We need a careful study for the development of a sound long-range program,

but the problem here is also urgent—perhaps more urgent than the disappearance of open space around our urban areas—and we could and should make a start now to help meet some of the rapidly deteriorating and emergency situations and also to help gather actual experience for the formulation of a long-range program.

To document the urgency of the open space problem, I should like to refer to the statement of Mr. Max Wehrly, executive director of the Urban Land Institute and an authority on the subject of urban land uses, made at the Soil Science Symposium in New York last year. In summarizing why open space preservation is becoming progressively more urgent, he said:

In a recent study of metropolitan growth projections for the United States, our research director has projected that by the year 2000 the United States may contain some 320 million inhabitants—over four times its population at the beginning of the present century. Ten gigantic super-metropolitan areas may hold 107 million people—one-third of the Nation's population. Another 40 percent of the American people may reside in about 285 metropolitan areas having populations between 100,000 and 5 million. Cities and urban areas of smaller size will contain about one-half of the remaining population. Urbanites will compose about 85 percent of our national population.

In the face of the explosive growth of our urban areas, the chronology of the diminution of open space in and near urban centers continues, as for instance, in Portland, Oreg., where proposed highways would pass through 21 city parks; in Buffalo, N.Y., where a library was built on a golf course and a veterans hospital in a park; and in Andalusia, Ala., where the entire city square was black-topped for automobile parking. So much for the magnitude of the problem.

The proposed legislation I introduced and the proposed legislation approved by the Banking and Currency Committee was in response to this problem, in response perhaps to the "unfelt needs" of our future generations, who will not be able to undo our present reckless use of land around our cities and towns.

Despite the short time which elapsed between introduction of this proposed legislation and the holding of hearings, a wide variety of individuals and organizations gave their endorsement or informal support to the bill, including the U.S. Conference of Mayors, the American Recreation Society, the Natural Resources Council, the American Municipal Association, the National Association of County Officials, the National Association of Homebuilders, the AFL-CIO, the American Institute of Planners, the American Institute of Architects, the National Housing Conference, the American Society of Landscape Architects, the National Recreation Association, the American Institute of Park Executives, the Audubon Society, the Wildlife Management Institute, the Cooperative League, the National Farmers Union, the National Association of Housing and Redevelopment Officials, and the Citizens Committee on Natural Resources.

I noticed that during the Housing Banking and Currency Subcommittee

hearings, a representative of the National Association of County Officials testified:

We had a survey made quite recently in order to determine what the present feeling was among the counties of the Nation on this matter and an analysis of the results showed that 37 counties, which reported with a total population of 17 million persons or 10 percent of the total national population, favored grants for open-space acquisition whereas 11 counties representing a little over 1 million persons did not favor this type of legislation.

Mr. President, I was much pleased by the strong support that developed for this proposed legislation during the housing hearings, but I never felt quite so sure that this was good, sound legislation as the day a young man came to my office as part of his research project on this subject. It turned out that he was a graduate student at a well-known eastern university, and during the course of the conversation he allowed that he was a Republican and that he did not much care for a lot of the urban-oriented Federal aid programs designed to overcome past mistakes in urban development. He said:

But I will say this: This is one of the few bills I've seen that tries to prevent these mistakes from occurring.

Mr. President, the process of urbanization is covering over more than a million acres of unspoiled land each year, pushing back nature's horizons farther and farther from the homes of more and more urban and suburban families.

This process of urban sprawl leapfrogging all over the countryside is causing severe recreational and conservation problems.

The effect of urban sprawl and readily accessible recreation areas is evident and needs no elaboration. I would however like to quote a statement on the relationship to conservation made in the Senate Document No. 59, printed in the 86th Congress on "Facility Needs: Soil and Water Conservation Research":

The rapid expansion of housing subdivisions and shopping center developments around most urban areas has created serious conservation problems that are of direct concern to conservationists working in these areas. The need for the development of methods whereby sediment production from the areas can be controlled was stressed at many of the public hearings. The current practice of stripping the vegetation from areas being developed, as well as changing the drainage patterns of these areas is extremely detrimental to downstream water management control structures. The effect of urban development upon the hydrologic characteristics of the watersheds being developed has not been adequately recognized by zoning authorities.

Recently New Jersey's secretary of agriculture, Mr. Phillip Alampi, elaborated on the consequences of urbanization on conservation in testimony to the House Appropriation Committee.

He cited a study by the Rutgers University planning service indicating that New Jersey can expect to lose one-quarter of a million acres to urban encroachment by 1975, and commented:

It is not so much the loss of land with which we are concerned—although this is a serious problem, but rather what happens to

adjacent lands, rivers, and streams, when the vegetation denuding process starts on 105 million acres.

Scattered research studies from various areas of the Northeast show that the results of the urbanization process could be staggering. One study in the Rock Creek watershed in neighboring Maryland, for example, shows that when 5 to 10 acres of land were cleared for a housing development, it resulted in the production of 100 tons of sediment per acre during the construction period. In Pennsylvania, the highway department found that the costs of maintaining roads for 1 year in the Brandywine watershed varies from \$9 per 1,500 feet to \$112 per 1,500 feet, depending upon how well sediment production was controlled on the adjacent lands. On the Stony Brook Watershed in New Jersey, accelerated erosion in construction areas, where gas pipelines are being laid has already seriously threatened the usefulness of several new lakes and flood retention reservoirs.

Two conclusions may be drawn from the evidence:

1. The urbanization process is underway and will continue.
2. If we want to protect our soil and water resources we must meet the challenges of urbanization.

Mr. President, the challenges of urbanization bring me to the central purpose of the proposed legislation—to help curb urban sprawl and encourage more orderly patterns of urban development.

Important as the recreational, conservation, and scenic purposes of this legislation are, it is not enough to merely sprinkle a few parks and open spaces around the urban areas.

Open space should be an integral part of the plans for urban development, located so as to enhance the total environment, to help prevent sprawl, to halt the spread of deterioration, to provide contrast and relief from urban development, as well as to meet our recreation and conservation needs.

Hopefully an effective open space program will also encourage greater efforts toward more imaginative patterns of urban land use, to come up with some alternative to urban sprawl.

I emphasize this point because it is evident that an open-space program even much more ambitious than the one now proposed will scarcely be sufficient to secure sufficient open space if we continue to lay out endless seas of subdivisions in the same manner we have been.

Not only does this low-density sprawl absorb open-space land at an alarming rate, it also forces heavy additional and unnecessary expenditures to provide all the services—from roads to schools to sewers—needed to accommodate residential development spread thinly over large areas of the land.

More imaginative development of land in the urban areas—perhaps in the form of clusters, corridors or new satellite cities—would serve a twofold purpose: it would economize on the cost of providing a multitude of community services, and it would reduce the rate at which open-space land is absorbed.

While there is no magic in providing open space to encourage more economic forms of land use, it can be a vital aid if the preservation of open space is based

on genuinely comprehensive areawide planning. At least it can be said that without an open-space program, communities and homebuilders will tend to offer the next best thing: to provide as much land to each homebuyer as the zoning law and the market will permit, no matter how seriously this practice accelerates the process of sprawl.

With an open-space program the Administrator can fill an important educational role in pointing out the advantages of counterbalancing the preservation of open space with higher density development, as was proposed for the 516-acre Whitney estate in old Westbury, Long Island, for example.

Here the designer, Victor Gruen, suggested that instead of building the 250 houses permitted with a 2-acre zone, the same number of buildings be clustered on about 6 percent of the land in a series of two- or three-family "town" houses, each with its own private patio. The proposed cluster development would have retained 94 percent of the very lovely land in its natural state and it would have reduced the land development costs—for earthwork, paving, drainage, sewers, utilities and so forth—by approximately \$1.6 million.

Mr. President, we have long needed tools to help our communities grow and develop as they truly wish instead of as they are driven by forces over which they have no control. Title VI provides one such tool, and I earnestly hope the Senate will accept it.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point several resolutions, letters, and other material, as well as an article from the January 28 issue of the Saturday Evening Post, by Charlton Ogburn, Jr., on "The Battle To Save the Trees"; an address by Frederick Gutheim, president of the Washington Center for Metropolitan Studies, to the conference of the National Wildlife Federation here in Washington on March 8; and an article from the May 28 issue of the Washington Post and Times Herald.

There being no objection, the resolutions, letters, and articles were ordered to be printed in the RECORD, as follows:

KANSAS STATE TEACHERS COLLEGE,
Emporia, Kans., May 16, 1961.

HON. HARRISON A. WILLIAMS,
U.S. Senate, Washington, D.C.

SIR: At the recent meeting of the Kansas Academy of Science at Manhattan, Kans., a resolution favoring passage of Senate bill S. 858 was passed. As secretary of the Kansas Academy, I have been instructed to send a copy of this resolution to you. The resolution reads as follows:

"Whereas Senate bill S. 858, 87th Congress, 1st session, authorizes the Administrator of the Housing and Home Finance Agency to assist States and their political subdivisions in preserving open-space land in and around urban areas which, for economic, social, conservation, recreational, or esthetic reasons, is essential to the proper long-range development and welfare of the Nation's urban areas and their suburban and rural environs; and

"Whereas rapidly expanding urban areas in Kansas need assistance in preserving open space in and around those areas: Therefore, be it

"Resolved by the Kansas Academy of Science in annual convention on May 5, 1961, at Manhattan, Kans., That bill S. 858 be enacted; and be it further

"Resolved, That the secretary send copies of this resolution to each member of the Committee on Banking and Currency of the U.S. Senate, to each of the two U.S. Senators from Kansas, and to each of the Congressmen from Kansas."

We hope that this resolution will warrant your serious attention.

Very truly yours,

GILBERT A. LEISMAN,
Secretary, Kansas Academy of Science.

RESOLUTION OF 10TH ANNUAL GOVERNOR'S CONFERENCE ON RECREATION AND PARKS, APRIL 20, 21, 22, 1961, CARVEL HALL, ANNAPOLIS, MD.

Whereas Senator HARRISON A. WILLIAMS, of New Jersey, our conference keynote speaker, has introduced a bill in the U.S. Senate devising a new approach to the problem of providing open spaces where people live, and

Whereas his bill, S. 858, attempts to implement the concern for open spaces of the State of Maryland's 10th Annual Governor's Conference on Recreation and Parks, by providing for low-matching grants to help municipalities and regional agencies acquire land in and around urban areas for recreation, conservation, historic, scenic, or esthetic purposes; and

Whereas his bill tends not only to discourage urban sprawl, but to encourage more imaginative and economical forms of residential development by linking the preservation of open spaces to the comprehensive planning process in the urban areas: Now, therefore, this 10th Annual Governor's Conference on Recreation and Parks hereby endorses this type of progressive legislative endeavor to provide not only a cooperative and orderly procedure for acquiring and preserving open spaces, but making our recreation and park areas serve the larger effort of improving the whole quality of urban and metropolitan living.

The conference further directs the general chairman, John P. Hewitt, to forward a copy of this resolution to Senator HARRISON A. WILLIAMS and additional copies to Senators J. GLENN BEALL and JOHN MARSHALL BUTLER, in support of this legislative effort.

JOHN P. HEWITT,
General Chairman.

RESOLUTION OF THE COUNCIL OF THE TOWNSHIP OF FRANKLIN, N.J.

Whereas the township of Franklin, county of Somerset, State of New Jersey, is at the edge of the ever-expanding New York metropolitan area; and

Whereas the population of the township of Franklin has doubled in each decade since 1940, thereby creating severe problems of taxation and planning for sound community development; and

Whereas the present areas of open space land that now exist in the township of Franklin will, without prompt preservation for future generations, soon be developed; and

Whereas the financial resources of the township of Franklin do not permit acquisition of necessary open space land to help provide sufficient recreational, conservation and scenic areas for future generations and to assist in promoting the sound and economic development of the township: Now, therefore be, and it hereby is

Resolved by the township council of the township of Franklin, county of Somerset, State of New Jersey, That the Legislatures of the United States of America and the State of New Jersey, the Somerset County Board of Chosen Freeholders and the Somerset County Park Commission be, and they hereby are, petitioned to enact an open space land program that will give assistance to the township of Franklin in the provision and preservation of adequate open space land for sound community development; and be it further

Resolved, That copies of this resolution be sent to the national, State and county representatives of the township of Franklin.

**MULTNOMAH COUNTY
PLANNING COMMISSION,**

Portland, Oreg., April 24, 1961.

Mr. BERNARD F. HILLENBRAND,
*Executive Director,
National Association of County Officials,
Washington, D.C.*

DEAR MR. HILLENBRAND: At the regular meeting of April 18, 1961, the Multnomah County Planning Commission unanimously acted to endorse the principles contained in S. 858 to authorize the Administrator of the Housing and Home Financing Agency to assist the States and their political subdivisions in preserving open space land in and around urban areas.

The Multnomah County Planning Commission is responsible for the preparation of plans to guide the growth and development of the unincorporated area of the county outside the city of Portland. This portion of the county comprises some 350 square miles and has a population of 150,000 persons, an increase of 54 percent since 1954. The county planning program was established for this area in 1953. Since that time, the board of county commissioners, upon recommendation of the planning commission, has adopted a development pattern (master plan), a comprehensive zoning ordinance, a subdivision regulation and a building code. As a part of this work, in 1955 the county established a park and recreation program, and to date has purchased 26 parks as part fulfillment of the present and future recreational needs of the community.

During this period of rapid growth and development, the planning commission has become aware of the very great need for adequate measures to preserve open space for recreation, agriculture, and as a positive device in structuring the form of the future community. The planning commission, after examination of the proposals, recognizes S. 858 as a significant contribution toward this end.

Very truly yours,

ROBERT S. BALDWIN,
Planning Director.

S. 1495

An act to add chapter 13 (commencing with section 7000) to division 7, title 1 of the Government Code, relating to the preservation and acquisition of open land in and around urban areas and making an appropriation therefor

SECTION 1. Chapter 13 (commencing with sec. 7000) is added to division 7 of title 1 of the Government Code, to read:

**"CHAPTER 13. OPEN SPACE AND URBAN
DEVELOPMENT**

"7000. (a) The legislature finds and declares that a combination of physical, social, economic, and governmental forces have caused, and are continuing to cause, rapid and extensive expansion of the State's urban areas, and that this expansion has frequently been of a scattered and sprawling character thereby causing or threatening severe economic and environmental problems for the inhabitants of these urban areas, including air and water pollution, flood damage, blight and slums, and loss of valuable open land for recreation and other community and areawide purposes.

"(b) The legislature further finds and declares that premature, scattered or sprawling urban development is a matter of statewide concern in that many recent studies and historical trends indicate that more than 90 percent of the State's inhabitants live in urban and suburban areas comprising 10

metropolitan population concentrations and that the loss of open land in and around metropolitan areas is a major development problem within the State.

"(c) The legislature further finds and declares that there is a need to assist the local governments comprising the State's metropolitan areas in planning for the acquisition and preservation of, and in directly acquiring or otherwise preserving, open land in and around urban and suburban areas through the provision of technical and financial assistance; and that such planning, acquisition, and preservation are public purposes for which public funds may be expended or advanced.

"7001. It is the intent of the legislature in enacting this chapter to help curb scattered, healthy, and esthetically satisfying urban development, to help prevent urban blight and deterioration, and to encourage more economically sound, environmentally healthy, and esthetically satisfying urban development through the preservation of open land useful and necessary for the proper long-range growth and economic and social welfare of the State's urban areas. It is further the intent of the legislature to make possible, through the provision of financial and technical assistance, prompt action by local government in planning for, and acquiring and preserving open land in and around urban areas, and in coordinating such local planning and acquisition with similar plans and programs of State and Federal Government agencies.

"7002. For the purposes of this chapter, the term "open land" means any open or predominantly open land, including agricultural or forest land, in and around urban areas characterized by: (1) economic, social, or physical value as a means of guiding or shaping land use and development in a more economic and environmentally desirable manner; (2) recreational value; (3) conservation value in protecting water supplies, preventing or lessening air or water pollution, providing flood control, or preserving forest, fish, and wildlife, or other natural resources; or (4) scenic, historic, scientific, or esthetic value.

"7003. For the purposes of this chapter, the term "urban area" means any area urban in character, including surrounding suburban, semirural, or rural areas, which forms an economic and socially unified region, taking into account present and future population distribution, land use and development patterns and trends, trading areas, utility and transportation systems and networks, and similar mutual or common areawide activities and interests.

"7004. For the purposes of this chapter, the term "official comprehensive plan" shall mean a plan meeting the requirements set forth in section 65462 of the Government Code in their entirety.

"7005. In order to achieve and attain the intent and purposes contained in this chapter, and to specifically provide financial assistance to local government therefor, the planning officer of the State office of planning, department of finance, is authorized to make grants to any county, city, city and county, or to any public agency established by State or local law which is acceptable to him as capable of carrying out the provisions of this chapter, to help finance: (1) the acquisition of the fee or any lesser interest, development right, or easement in open land, the preservation of which is of regional or areawide importance and essential to the proper long-range development, health and welfare of an urban area and to the larger region of which it may be a part; and (2) the planning for the acquisition and preservation of such open land. Grants for the purposes specified in this chapter shall be made from such sources and in such amounts as the legislature may determine.

"7006. The amount of any grant made in accordance with the provisions of this chapter shall not exceed 25 percent of the total cost, as approved by the planning officer, of acquiring the fee or any lesser interest, development right, or easement in any open land; or shall not exceed 35 percent of such cost in the case of a grant extended to any regional or areawide agency or body which (1) is established under State or local law, and (2) exercises planning and acquisition responsibilities consistent with the purposes of this chapter for an urban area as a whole.

"7007. Notwithstanding any other provisions of this chapter, an amount not to exceed 10 percent of the funds available at any time to implement the purposes of this chapter may be allocated for the preparation of detailed open space plans for the acquisition and preservation of open land, provided that such detailed plans are undertaken as an integral part of, or subsequent to the completion of an official comprehensive plan.

"7008. Grants made pursuant to the provisions of this chapter shall be made solely to assist (1) planning for open land acquisition, and (2) acquisition of the fee or any lesser interest, development right, or easement in open land and shall not be made to defray development costs, project or non-project operating expenses, or ordinary governmental expenses.

"7009. In making grants pursuant to this chapter, the planning officer, with the advice and guidance of the department of finance, shall impose terms and conditions that are designed to protect the State's investment and that are necessary to carry out the purposes of this chapter.

"7010. Authority and responsibility for the administration of the assistance provided under this chapter is hereby vested in the planning officer. All applications for assistance shall be submitted for his approval and the planning officer shall, with the advice and guidance of the department of finance, prescribe such rules and regulations, procedures, forms and submission of information as he may deem necessary or appropriate. The planning officer may delegate any administrative functions to any other State agency authorized to perform such functions, except that responsibility for such functions shall remain solely with the planning officer.

"7011. In extending financial assistance under the provisions of this chapter, and in processing applications for such assistance, the planning officer shall consider the extent to which the communities constituting the urban areas making application are undertaking comprehensive physical planning, are employing sound zoning and other land use regulations for orderly urban development, and are using enabling legislation permitting the acquisition and preservation of open land by local government. The planning officer shall give preference to those proposals for the acquisition of the fee or any lesser development right, or easement interest in open land which are in accordance with an open space plan which is an integral part of an official comprehensive plan for an urban area as a whole. Subsequent to 4 years after the passage of this chapter, no application or proposal shall be approved which is not in accordance with such an areawide plan.

"7012. Where there exists an open space plan which is an integral part of an official comprehensive plan for an urban area as a whole or for any portion thereof, no assistance shall be provided for the acquisition or preservation of any open land unless said acquisition or preservation is in accordance with that plan in the urban area having largest geographic scope and including the area in which such land is located.

"7013. Whenever application is made for financial assistance under the provisions of this chapter, and the open land proposed to

be acquired or preserved is located in a substantially larger open or predominantly open area, the planning officer may condition approval of the application upon the preparation of a detailed development plan for the future sound use and development of that portion of the larger open area under the jurisdiction of the applicant as the planning officer determines is necessary to meet foreseeable development needs. To facilitate such planning, the planning officer may allow such portion of any assistance granted as is necessary to accomplish such planning.

"7014. No open land acquired or preserved with assistance under this chapter shall be converted to uses which are inconsistent with the purposes of this chapter without the approval of the planning officer. The planning officer shall issue no such approval unless there is compelling evidence that such other uses are essential to, and in accordance with, an official comprehensive plan for the urban area as a whole. The planning officer shall require that the proceeds from the disposal of the fee or any lesser interest, development right, or easement in any open land acquired or preserved with assistance under this chapter shall be used to further the intent and purposes thereof.

"7015. In extending assistance under the provisions of this chapter, the planning officer shall make every effort to coordinate the open land acquisition and preservation efforts of State and local government and shall transmit copies, or otherwise notify affected State agencies, of applications submitted to him.

"7016. To further the purposes of this chapter, the planning officer may, from time to time, study and make recommendations respecting the following: (1) more effective utilization and coordination of other State and local programs so as to increase, to the greatest extent feasible, their contribution to open land needs in urban areas; (2) the extent to which State land may be more effectively used in urban areas for the purposes of this chapter; (3) such legal, financial, planning or administrative measures as will enhance the ability of State and local government to provide adequate open land in and around urban areas. The planning officer may contract for professional services in connection with such studies.

"7017. Nothing in this chapter shall be construed as altering or affecting the provisions of chapter 1.5, title 7 of the Government Code relating to the planning officer, the State office of planning, the director of finance, or the department of finance.

"7018. This act shall be known and may be cited as the 'Open Space and Urban Development Act of 1961'."

SEC. 2. The sum of ----- dollars (\$-----) is hereby appropriated from the general fund in the State treasury to carry out the provisions of chapter 13 (commencing with sec. 7000), division 7 of title 1 of the Government Code during the 1961-62 fiscal year.

LEGISLATIVE COUNSEL'S DIGEST

S. 1495, as introduced, Farr (Gov. Eff.). Open space and urban development.

Adds Chapter 13 (commencing with sec. 7000), Division 7, title 1, Government Code.

Declares legislative policy to help curb sprawling urban development and prevent urban blight and deterioration.

Provides for State financial assistance to be made to local government entities, by grants made by planning officer of State office of planning, to help finance planning and acquisition of rights in property for long range urban development, subject to conditions and limitations in act.

Makes appropriation from general fund to carry out provisions of act.

[From the Saturday Evening Post]

THE BATTLE TO SAVE THE TREES

(By Charlton Ogburn, Jr.)

The generality of Americans have an unconquerable aversion to trees; and whenever a settlement is made, they cut away all before them without mercy. They are looked upon as a nuisance, and the man that can cut down the largest number, and have the fields about his house most clear of them, is looked upon as the most industrious citizen, and the one that is making the greatest improvements in the country. So wrote an Irishman, Isaac Weld, Jr., of his travels in the United States in the years 1795-97.

In those days, as our visitor conceded, the face of the country was overspread with trees. Nothing could be farther from the truth today, but still on the outskirts of our cities where the New America of the suburbs is coming into being, the remaining stands of trees are being attacked with much of the same zeal that Isaac Weld lamented. He found it "strange, that in a country where the rays of the sun act with such prodigious power, some few trees near the habitations should not be spared, whose foliage might afford a cooling shade. * * * Today, as I watch the bulldozers clear the way, scrape the landscape clean for new subdivisions, I find it still strange, even frightening. Must we ruthlessly destroy our countryside in order to live in it?

As a member of the park authority of one of the fastest-growing counties in the Nation—Fairfax, Va., just outside Washington, D.C.—I am forced to witness more destruction of the landscape than is seen by the average suburbanite. For example, there was a 60-acre tract, mostly forest, near a proposed park site in Springfield, Va. When I first saw this forest it was an intricate community of oaks, dogwoods, orchids, mosses, and lichens, squirrels, mice, woodpeckers, and moths; its spongy topsoil teemed with microscopic organisms. On my next visit, a few days later, nothing remained but some piles of charred, slowly burning tree stumps. A shopping center was going in there.

Such a scene is characteristic of other developing areas. In California, developers wreck whole hills, encircling them with gouged-out terraces to multiply house sites. An aerial view of the outskirts of any of our expanding cities shows houses laid out like trains of boxcars, in uniform ranks on a denuded plain. From the ground, the bare, bleak vistas of regimented homes with only telephone poles and television aerials breaking the expanse of roofs are as depressing as the sight of slums, if in a different way. A supplier of kitchen equipment, a man who has built model houses and has worked with builders all over the country, expressed a judgment which few, even in the building industry, would dispute, when he said, "A good 90 percent of all housing tracts must be featureless, badly laid out, and totally barren."

Why is this so? Can we do anything about it?

Recently I set out to try to find some answers to these questions. From enlightened land planners, architects, and builders, I have learned that we do not need to destroy our countryside in order to live in it. We can meet the demand for millions of new houses and still preserve trees and our natural landscape.

But I also learned that the problem of curbing the bulldozer is a lot tougher than I had imagined—that it is going to take a far wider exercise of vision than is being displayed today. Also, in the long run we face some difficult choices in land use by, and housing for, our increasing population.

It is estimated that in the next 15 years our metropolitan population will increase by 60 million, and of these, 25 million will move into new houses in suburbs. This is just a 15-year projection, looking no farther into the future than World War II lies in the past. Will the land for the oncoming developments be scalped and flattened, or will the new dwellings be fitted into the existing terrain with minimum destruction of trees and undergrowth, of stream beds, rock outcroppings, and contours sculptured by geologic eons? The answer will make an important difference in the kind of country we have to live in—and in the kind of people we are. Or so I believe.

Let us look first at some practical reasons for saving and living with trees. A 35-foot oak or maple having a total leaf surface of about 4,000 square feet will evaporate more than 35 gallons of water during a summer day, according to computations by Prof. Paul J. Kramer of Duke University. By evaporation and deflection of the sun's rays, the Urban Land Institute, Washington, D.C., points out, a tree will reduce the heating effect of the sun on the area below it by as much as a half. But even more informative than figures is the experience of driving into a wooded park after dark in the summer. City streets, cooked to as high as 135° by the sun, radiate heat all night long. In a tree-shaded area the temperature drops with the sun.

In our country, with its history of rampaging rivers and gullied hillsides, no one should have to be reminded of the function of natural plant cover in holding soil and water. The story of erosion and of the siltation of streams and rivers, which destroys aquatic life, clogs channels and causes floods, has been told frequently and well, but generally in terms of bad farming practices. Less well understood is the extent to which the damage is compounded by bulldozing off the vegetation and the topsoil, during the development of subdivisions. The District of Columbia's famous Rock Creek, which winds through its chief park after draining an adjacent part of Maryland, tends to flood twice as badly as it did 20 years ago. You know why when you read a statement by Harold P. Guy of the U.S. Geological Survey pointing out how the water-holding capacity of the watershed has been reduced, as for example in subdivision in Kensington, Md., from which "nearly all of the trees were removed and the natural waterways were altered." After this scalping, each inch of runoff from rain falling on the area carried about 250 tons of sediment into Rock Creek, or about fifty times as much as from an equivalent underdeveloped watershed. Further reading tells you that in the Washington area as a whole the streams now move about 1 million tons of sediment a year, helping to explain why game fishing has suffered so severely in the lower Potomac and why experts debate the ways and means of keeping the Washington harbor open in the future.

Certainly we don't need to depend on trees to keep us cool; we can buy airconditioning equipment. With money—lots and lots of it—we can maintain our water supply and control floods by means of reservoirs, levees and similar engineering works. But the most lavishly financed mechanical ingenuity will not manufacture peace of mind or keep us in tune with our environment. Discord and conflict seem implicit when we build habitations which suggest an army of occupation deployed upon a ravaged land. When, on the other hand, our dwellings seem to belong where they are, to be part of their surrounding rather than invaders, we ourselves seem to gain a sense of belonging, of having roots. We even gain some of the

serenity which is apt to be the scarcest commodity of all in the abundant life.

Of course, there are subdivisions which are good by any reasonable standards, and the National Association of Home Builders, with 40,000 members, is encouraging more of them with its development merit awards. Each year the association finds noteworthy examples of developers who are "working with nature instead of against it in land planning" and gives awards to projects which incorporate "the highest standards of land planning, design and development."

Near my home is an award-winning subdivision, Potomac Overlook, built on a steep, forested hillside on the Maryland side of the river just above the District of Columbia. The 19 houses it comprises are fairly expensive; they sold originally for between \$27,000 and \$40,000, but no purchaser is likely to lose on his investment. Potomac Overlook is an exciting example of what a builder with an active conscience can do when working with lots of between a quarter and a third of an acre on an attractive but difficult site. Most of the trees have been saved—black oaks and tulip trees soaring 30 or 40 feet before branching—and so has much of the original forest floor. This, wrapped around the small lawns, ties the human handiwork into the terrain. The contemporary-style houses, although only 3 years old, look as if they had always been meant to be there.

When Potomac Overlook had been just about completed—the stage at which some developers might hesitate to tour their creations without police protection—the builders and the new homeowners gave each other a party. Subcontractors, county officials and laborers all came to it. Tables were set up in a carport, beer, soft drinks and mountains of fried chicken were served, and musical skits were put on in which each side ribbed the other's foibles. It was a fair enough demonstration of the good will on both sides.

Another subdivision on the outskirts of the Nation's Capital, Pine Spring, built in 1952, shows what can be done in a lower cost field. The homes here originally were priced at \$15,250 to \$20,500. The tract didn't seem to offer much—it was 55 acres of spindly woods west of Falls Church, Va. But each of the 125 houses was individually sited by the architects to make the most of the land and the builders, Luria Bros., saved every possible tree. The horizontal planes of the lawns and low, ground-hugging houses, opening to the outdoors through floor-to-ceiling windows, contrast with the vertical forms of the columnar pines and oaks to create a somewhat Japanese effect, and a charming one. It is not surprising to find a high degree of community spirit and pride among the Pine Springers. They issue an annual directory, which includes names and ages of children and interests of adults; they have taken pains to add further imaginative planting, shrub-screened patios, and other improvements to already desirable properties. When resold, houses in Pine Spring have brought as much as \$5,000 above their original price. Summing it up, House and Home—a magazine addressed to builders—observed: "It is better to pay a skilled architect than to overpay a salesman."

I talked to one of Pine Spring's architects, Francis D. Lethbridge, who also had a hand in designing Potomac Overlook "To save the existing vegetation always takes trouble and almost always costs more," he said. "The developer can sell the houses even if he doesn't leave a tree standing, so why should he worry? The answer is—he usually doesn't. Someone asked one of our big developers if he didn't want to leave any more creditable monuments behind him than a spread of subdivisions resembling Siberian penal colonies. His reply was: 'I

don't want any monument except a tombstone.'

"If you're going to preserve anything of the natural cover," Lethbridge continued, "you've got to preserve the contours. Lower the grade a few inches, and you scalp it completely. Raising the grade is just as bad. Even the biggest tree is apt to die if you dump soil around it—as little as 6 inches. To adapt yourself to the land as it is, you have to visualize the finished product before you turn a spadeful of earth. You have to plan every element—location of houses, roads, utilities—simultaneously. Everything depends upon having a builder who cares, one who'd find it hard to live with himself if he were known for having loused up the countryside."

Indeed, the builder has to care—that was the main thing I learned from every subdivision in which the natural setting had been carefully protected. Take, for example, Green Acres, a subdivision of \$16,500 to \$32,000 houses built on a 130-acre tract near Wilmington, Del. The forest had been in process of reclaiming the area for the past 30 or 40 years. Here the developers, Franklin Builders, dedicated 8 acres to public use and preserved belts of woods behind and between the rows of houses. They also left the trees almost untouched right up to the foundation walls, at great extra labor. (I counted 20 trees in one front yard.) The result is an award-winning subdivision, and one in which the Governor of Delaware chooses to live in a middle-priced house.

The same care is the hallmark of other award-winning subdivisions, such as Kendallwood near Detroit, where the Thompson Brown Co. used curvilinear streets flowing with the contour of the land, as well as retaining walls costing up to \$1,500 each, in order to limit regrading and to save the trees. Thompson Brown makes a practice of calling in land planners before permitting the first saw on the site. Then, in the Southwest outside of Tucson, Ariz., is Suffolk Hills, where 195 homes, costing an average of \$20,000, on one-acre lots have been creatively tailored to the landscape. Lusk Homes, the builder, was commended by the NAHB judges not only for preserving the desert vegetation, including saguaro cacti, and ocotillo, but also for siting the houses in a way that blends the rooflines with the rolling terrain. These results were not easily achieved; a dozen plans were prepared by the engineers before one was accepted.

Before condemning the average builder out of hand, it is worth listening to Edmund J. Bennett, one of the builders of Potomac Overlook, an outstanding subdivision. "I figure we spent a year more on the job than we would have had to if we would just gone in there and flattened everything. Also by flattening we would have got twice as many building sites. We located every major tree on a big topographic map and cranked them all into the plan. Each house was carefully sited." Bennett also points out that Potomac Overlook ran into manmade as well as natural obstacles, because of its plans to fit houses to the landscape.

"To avoid regrading, we had to put in driveways with as much as 16-percent grade," he said. "We could get away with it because we were not dependent on FHA financing. (FHA limits driveway grades to 5 percent.) We had to get a waiver from the Department of Public Works for a stretch of street with a 14-percent grade—that took two or three conferences over a period of 3 months. Then there were the sewer lines. The Washington Suburban Sanitary Commission says that the floor of a basement may not be more than 6 feet below the street, which means the first floor must be 3 feet above the street. But to keep from butchering the land we had to have houses below street level—and run the

sewers through easements along back property lines in the woods. With all the extra cost of hand labor, the Commission hated like the Devil to agree to it."

The builder is up against other unyielding facts. There is, probably, a road code. For a secondary residential street 25 or 30 feet wide, it will specify a cleared right-of-way of, say, 60 feet. The permissible grade will be perhaps 10 percent. When the street meets rising ground, a cut must be made, and the sides of the cut must not be too steep, perhaps only 30 percent in grade. So our 60-foot swath becomes 90 or 100 feet wide. Provision for offstreet parking will add 20 feet. There is also the matter of "sight distances." The speed limit may be 25 miles per hour, but where streets cross, the code may specify leveling the ground far enough back to permit cars doing 40 miles per hour to see each other in ample time to stop.

Enters now the Federal Housing Administration. If the builder wishes to be able to offer FHA financing with its low downpayments, he will have to limit the grade of his driveways, as pointed out. Because buyers generally do not like to climb long flights of stairs to reach the house, bulldozing out a driveway may necessitate cutting off the top of the entire lot. Another regulation specifies that the lot slope down from the house on all sides. That, too, can mean drastic regrading.

The FHA was not set up to be either for or against trees. Its sole function is to guarantee mortgages, and its concern is with market values. The Veterans' Administration, which guarantees mortgages under the GI bill of rights, generally follows FHA's lead.

"I will wager that FHA and VA have received thousands of complaints about poor lot grading, unwanted water from an uphill neighbor, or flat spots that don't drain rapidly," says Cushing Daniel, director of the Home Builders Association of Metropolitan Washington, "and probably not one thank you for waiving a grading requirement to permit the saving of a fine tree." As Government agencies don't want complaints, "they have evolved a pat formula," says Daniel. "This results in a 'Jello-mold' type of land plan and the virtual impossibility of saving any original topography."

Many subdivisions are barren not because the builder laid a violent hand on a single tree but because the tract was treeless pastureland to begin with—not that lack of trees justifies the destruction of the natural configuration and topsoil. If the tract is not served by a sewerline, the county authorities will probably insist on an adequate septic field, with every tree within 10 feet of the field having to come down. Also, the mere compaction of the soil under the tread of heavy machinery can be fatal to trees—and the damage may not be apparent for a year or more, when the houses will have been built and the removal of a tree will have become costly. So the builder, who often is responsible, is tempted to get rid of any doubtful cases while he can still do it cheaply.

At the end, if the builder has made a burning issue of saving trees, can he be sure his labors will be appreciated? Take the case of Ralph Schacter of the North American Building Corp. Mr. Schacter is an ardent tree lover. When you drive into North American's 300-acre Fawn Ridge development north of Peekskill, N.Y., you are warned by a large sign:

"NOTICE TO ALL TRADES: TREES ARE SACRED

"Trees must be kept in perfect condition.

"Do not destroy unless construction 'super' gives approval.

"Anyone guilty of damaging trees will be put off job."

The huge oaks and cypresses of younger trees at Fawn Ridge testify to Mr. Schacter's efforts. To save them costs \$300 per lot, he estimates. It is easy to understand his emotion as he points to an oblong oak stump—4 feet in maximum width—standing by the entrance to a newly completed house and exclaims, "The trouble we went to to save that tree. And you know what the buyer said? 'Take it away.' That cost us \$175." Many of North American's customers are apartment dwellers buying their first house, and buying in a low price range. These, Mr. Schacter finds, are the least likely to appreciate trees. But he is ready for them. He hauls them into his office and gives them a lecture on preserving nature, illustrated with color photographs. "A year after they've settled in, they're all for trees," he says. "Yeah," comments another official of the company, "and giving builders a headache by their agitation for large-lot zoning to protect the woods everywhere else."

Growing discrimination on the part of buyers, and higher personal incomes with which to back it up, is likely to have an effect on building practices. If buyers pass up the scalped lot, builders will have more incentive to restrain the bulldozer. There are signs that this incentive is working. The Urban Land Institute in its hard-headed "Community Builder's Handbook" states: "Healthy existing trees on the development site should be saved wherever possible. A good tree will add greatly to the value of the lot." Edward R. Carr, a large-scale builder of Springfield, Va., whose program of saving trees has been widely praised, says that just by looking at a sales plat he can tell which lots have the best trees; they are the ones that have sold first. In advising builders on "How To Succeed With Today's Serious Buyers," House and Home points out that the leaders in the industry "are finding that attractive neighborhoods give them a big comparative edge, particularly with second- and third-time buyers. They are laying out lots to take advantage of the land."

FHA could well recognize this trend, and encourage it, by giving greater credit for careful land planning, instead of making land scalping all but mandatory on hilly terrain. FHA says it will give maximum valuations where the builder's plans call for saving trees, but the differential is small, and the agency shies away from giving an individual lot a higher valuation when trees have been preserved on it. The requirement for virtually level driveways seems to me wholly uncalled for.

We should ask ourselves, I submit, whether we are building for motoring or for living. Does it make sense to require residential streets to meet the standards of highways, providing drivers with the opportunity and temptation to go tearing through, to the peril of children and anxiety of parents? Must we go on sacrificing the human values of charm, beauty, privacy, and peace and fix upon our country that open, bare look for the minor convenience of motorists?

It is not written in the Constitution or the Ten Commandments that highway departments shall rule supreme. There is nothing, either, to prevent local authorities, particularly planning boards or county engineers charged with approving subdivision plats, from exercising a stronger influence for good site planning. (Nothing, that is, but the political power of unscrupulous builders.) The town of North Castle, in Westchester County, N.Y., has adopted an ordinance, typical of those of a growing number of communities, which requires that plans of developments show the areas from which trees will be removed and states that "no live tree exceeding three inches in diameter may be cut down in such areas without expressed consent of the planning board."

This is not just a statement of pious intent; inspections are rigorous, and the planning board makes the ordinance stick. Moreover, says Chief Hergenham of the North Castle police with a wry grin, "If you want to cut down a tree along the highway, the garden club will fight you all the way to Albany."

Conscientious builders would, I believe, welcome tree-saving ordinances as tending to put them on a fairer basis with less-scrupulous competitors. As a matter of fact, a building firm of North Castle has gone the town one better. At Windmill Farm the deeds stipulate: "No trees of any kind located on the highway or road in front of or adjoining the said described plot shall be cut down, destroyed or removed without the written consent of the grantor, its successors or assigns." This subdivision of \$33,000-\$70,000 homes is being developed by Edward J. Tobin and Mac Welson on a 1,000-acre tract of luxuriant forests, reefs of exposed, lichen-covered granite, specimen plantings of hemlock, beech and spruce, topped off by four ponds. It is, I might add, the most beautiful development I have ever seen. The local pride it fires was demonstrated to me on a guided tour by Chief Hergenham, with commentary: "The builders hold all supplies at the barn and bring them to the site only as needed, to keep from piling them on the vegetation. This is the Mesbergs' house. How's that for saving a tree? It goes right through the overhang of the roof."

If builders, buyers and public boards were uniformly enlightened, we should be a lot better off. But the melancholy fact is that our worries still would not be over. The larger the lot, the more of the topography the builder can save—but large lots present two big problems: (1) Many people cannot afford them and (2) the larger the lots, the faster suburbia gobbles up the countryside. If the large-lot mania continues, says Stephen Sussna, a planning consultant of Trenton, N.J., "this Nation faces a danger that in the near future there will be no suitable residential building sites available."

Some innovators have come up with an answer in the form of the "cluster" type of development. This draws houses together in fan-shaped groups fronting on a common garden-and-parking courtyard. It reserves unspoiled, in joint ownership, the land to the rear and between the clusters. It amounts to the owners' pooling their spare acreage for the common enjoyment. Not only does this conserve more of the natural setting but it reduces the length of roads and utility lines, thus saving both money and landscape. Stephen Sussna Associates has a partial cluster-type development under way on a 77-acre tract in Mount Laurel, N.J., in which houses have quarter-acre lots, and the project as a whole has over 7 acres of park. In St. Louis, Architect Roger Montgomery has designed a cluster development for the Ballas Corp. utilizing a rough tract zoned for 1 acre lots. By concentrating the houses in nine groups of five to seven each, he found he could reduce street length by a third while serving 15 percent more dwellings and preserve nearly 50 percent of the site in its natural state.

The most striking development of this kind now underway is in an outlying section of Philadelphia known as the Far Northeast. Here 17,000 dwellings, many in the \$11,500-\$13,000 range, are being built on a tract of 1,800 acres—nearly 10 to an acre—by private builders in accordance with a plan drawn up by Edmund N. Bacon of the Philadelphia Planning Commission. Row houses, which are economical to build and sparing of land, predominate in the project, and the clusters are formed by rows of houses rather than individual units. There are green areas within and between the clusters and in addition some 250 acres of stream valley have been dedicated as parks. In comparison

with either treeless city blocks or parkless subdivisions of boxlike dwellings each on its own little plot, the Far Northeast comes out far ahead. In fact, many home designers believe our country will have to go farther in this direction. George Nelson, a New York architect and design coordinator for the U.S. National Exhibition in Moscow, says it is unfortunate that "the possession of the one-family detached house is one of the great American dreams." He believes that it cannot meet our future needs. He maintains that "we are eventually going to have to build towers that can house a large number of families. These towers will not take up much land, and they can be surrounded by parks and gardens that will be for the use of all the families."

Many architects and land planners agree with him. Perhaps our explosion in population eventually will demand that we give up the one-family dwelling as a norm of our national life. But in any case let us use our heads and our good taste to keep a countryside that is a joy to behold, not a treeless, dreary waste.

THE COMING END OF THE SUBURBAN BOOM
(An address by Frederick Gutheim, Washington Center for Metropolitan Studies, to the 26th Conservation Conference of the National Wildlife Federation, Statler-Hilton Hotel, Washington, D.C., March 8, 1961)

The increasing urbanization of the United States has been frequently reiterated in recent years. About two-thirds of the national population already lives in 216 standard metropolitan areas as defined by the census. These metropolitan areas are cities embracing at least one central city with a population of 50,000 or more and typically embracing a number of separate political jurisdictions. But beyond the fact that we are now a Nation over two-thirds urban, substantially the whole of the anticipated future population growth is destined to occur in these great urban complexes.

The nature of the modern city is such that its growth has been taking place largely at the periphery. The central city, as it is only too clear from the 1960 census, in most places is not growing or, as in the case of Washington, is actually losing population. As room has been found in the central city for new forms of transportation, parking, commercial and industrial growth; as the older congestion in slums has been removed; and especially as families with children have escaped the unfavorable environment of older cities and migrated to new suburban communities—these changes have left their mark on the central city. Most central cities in metropolitan areas today find they contain predominantly a daytime population of employees and customers rather than a resident population. Those who make their home in the central city tend to be the very young and the very old, the very rich and the very poor.

The predominant characteristic of our postwar growth has been the development of the modern American suburban community. We think of the suburbs as residential areas. While it is true that many of them are predominantly residential, it would not be accurate to neglect the equally great growth of decentralized manufacturing plants, shopping centers, or other forms of activity and institutions. Yet in most cases this related decentralization has taken place as business has followed its customers to the suburbs and established suburban and regional shopping centers; or as much business, requiring types of labor that exist in good supply in suburban communities, has found it easier to operate there than under the more congested or competitive conditions that prevail in the central city. It must be concluded that the suburban movement has

been predominantly one of families seeking homes in the outlying parts of our large cities, and that the larger part of other suburban growth is related to this fundamental movement.

During the last 15 years, since the end of the war, this suburban movement has taken place on an enormous scale. It has been estimated that 4,000 families a day have been moving into new suburban communities. In general they have been occupying new homes built by the Nation's builders who, during this period, have produced a million to a million and a half houses a year, almost all of them in suburban communities. These have been almost entirely single-family houses, at densities typically of four homes to the acre. Each has been thought of as occupying a large suburban lot, within whose limits many family activities, especially those connected with child care, could be accommodated. This type of housing consumes vast amounts of land, far more than row houses or apartments, and broad-front lots greatly increase housing costs, particularly in streets, water and sewer lines, and other land development items. The uniformity with which this relatively low-density housing development has been taking place, and the thousands of square miles that have been consumed by this process, coupled with the leap-frogging or by-passing of substantial tracts of vacant land in the process, has generated the descriptive term "urban sprawl" to describe this relatively unstructured suburban development. As an illustration of the rate at which open land has been consumed by suburban home-building, it is reported that if all the land withdrawn for urban use in the Santa Clara Valley since 1947 were consolidated, it would approximate 26 square miles; however, subdivisions have been placed in such a manner as to commit a total area of 200 square miles to urban development.

It is the uniformity of the appearance of today's suburban community that has given rise to the visceral apprehension of over-standardization. The San Fernando Valley, seen from the air, is such a thought-provoking spectacle. It is true that the external appearance of uniformity accurately reflects the relatively uniform age, marital condition, family size, per capita income, and social status of those who have purchased the homes.

The suburb of the last 15 years has been the place in which the marriages and children that were deferred during the war are found. During this 15 years of postwar growth, an exceptionally large number of families in the age group from 33 to 55 years came into being. These were also years of housing shortage in which Government mortgage insurance and other forms of assistance and planning directed the concentration of housing activity to overcome the postwar housing shortage, predominantly in suburban areas where other market conditions dictated the production of single-family houses.

Given the relatively long period over which this type of urban growth and housing production has been the predominant characteristic, it has been assumed by many people, including such experts as urban planners and housing specialists, that the future would see more of the same. Our future population growth has been translated, therefore, into identical terms yielding the image of future metropolitan areas that, like Los Angeles, can be described as "100 suburbs in search of a city."

It has also been assumed that the principal problems that cities face in the future are predominantly those associated with overcoming the deficiencies that have become increasingly apparent in suburban growth. One of the most important of these is the failure to preserve any parks or open

spaces adequate to meet the needs of our present and future population, whose numbers are also associated with such characteristics as greater per capita income, higher educational status, far greater leisure, and substantially greater mobility as the result of widespread automobile ownership. Such parks and open spaces as had been provided in our recently developed suburbs are almost exclusively in small tracts of land suitable for playgrounds, many of them actually related to schools. While there has been a substantial addition to the total recreation areas of the Nation, little of these recently acquired parklands have been located in metropolitan areas or are the type suited to the recreational and cultural needs of the new suburban population.

In the great and nameless cities that have come into being as urban growth has become interurban in character, these deficiencies have become pronounced. It has been found, for example, that the 70,000 suburban residents of Fresno, Calif., are not served by a single park.

As has been noted previously, the expectation of the character of future urban growth has been based almost exclusively upon the projection of the type of growth that has occurred during the spectacular past 15 years. To an even more precise degree we have projected the abnormal growth of the 3 years from 1947 to 1950, years in which 1,100,000 new urban households were being added. This rate may be compared to a figure of 300,000 new urban households annually in the decade of the 1930's. In criticizing such projections, the economic consultant Robinson Newcomb has pointed to a number of circumstances that are not likely to be characteristic of future growth but which explain much of the magnitude and character of past growth. He has noted, for example, that while nearly 15 percent of the increase in urban population has been due to migration from farms, this source of urban growth has largely been exhausted. Mr. Newcomb has also noted that up to 1956 marriages exceeded deaths, but the dissolution of households as the result of deaths has been taking place at an increasingly rapid rate, thus reducing the total number of households. This authority has also pointed to the very substantial demand for housing units by other than married couples, a factor of importance in the period 1950-55, but one of greatly diminished significance today.

Of the many social and economic changes that may be responsible for a different pattern of future housing and urban development than what we have known in the past 15 years, however, probably the most important is the changing age composition of the population. In the next decade there is not expected to be a significant increase in the number of households headed by people between the ages of 35 and 55—the age group that had been responsible for the greatest housing demand in the past. There will be a big increase in young households—those just getting formed—and in old households—those containing individuals who have retired from active life. These latter groups whose numerical significance is increasing, require a quite different type of housing than the suburban home that has earlier been described. This changing housing demand has already been reflected in the markedly increased emphasis upon apartment houses of all types, both in central cities and in suburban communities, and in special types of housing for the elderly.

It is quite possible that we have at the present time substantially all of the conventional suburban housing that will be required for another decade or two. Not until 1980 do demographers anticipate any recurrence of the spectacular rate of family formation that characterized the period 1947-50.

If the demand for conventional suburban homes appears to be slackening, the difficulties that suburban communities have been facing have also been increasing to such an extent that the attractiveness of this way of living has been markedly affected. We have already entered a period of disenchantment with the image of suburbia that was so attractive 10 years ago. Among the dissatisfactions that have been mentioned are the increasing cost of suburban life, particularly the cost of suburban governments due to their small size and general balkanization coupled with the abnormally heavy financial requirements of an extensive new school system; the low standard of public services in suburban communities; dramatically exemplified by such rudimentary problems as removing snow from highways; the low cultural and leisure standard of suburban communities where the capacity to make extensive outlays to build libraries, museums, concert halls, and other cultural institutions is weak and where even the provision of outdoor recreation facilities has been conspicuously inadequate; the increasing difficulties of transportation, especially the journey to work whether on crowded expressways or an obsolescent mass transportation system. The suburban communities of a metropolitan area have shown little ability to deal with their problems or even to find an overall view of them; and their spot deficiencies are many. The catalog of dissatisfactions could be greatly expanded, and it is steadily being enlarged.

The trek back to the central city from the suburbs has already begun. The principal factor seems to be greater choice in the housing market. Cities are also fighting back with urban redevelopment programs, proposals for rehabilitating central business districts and for generally strengthening their ability to provide a high standard of service for the central requirement of a much larger metropolitan area. They have the money. They are getting more Federal aid. Increasingly, suburban communities are being committed to the generally helpless image of themselves as specialized residential communities. Yet the diversification of suburbs is one of the principal future trends that are already discernible.

Diversification is taking many forms. There is within the framework of the residential suburb, a growing diversification of housing types and a greater range of housing costs.

More apartment houses are being built. In some cases these are tall buildings; and in others, garden apartments. The significant thing is that they all represent far higher densities than any form of single-family dwellings that we have known. They also represent the advent of renting rather than home ownership in the suburban economy. The repercussions of this in local fiscal policy and tax debates have already become evident.

The second form of diversification in the suburbs is economic. The residential suburb is now being replaced in many areas by one that is more balanced in activity. It contains substantial areas devoted to manufacturing, services (other than local business, which has always been well established in the suburban community) and the development of other specialized economic activities associated with transportation, leisure, or cultural activity. Contrasted to the 1950 suburb, as it came raw from the hand of the builder, even the advent of churches, schools, and other rudimentary community institutions has been a notable development, bringing with it the pressure to find housing accommodation for such individuals as school-teachers, ministers, and others who cannot typically afford high suburban home ownership costs. The diversification of economic status has also become evident. Today's suburb is increasingly less one of families with relatively uniform incomes, as was the

case a decade ago, and increasingly marked by a range of incomes. Racial diversification is also a feature of many suburbs, especially the older ones, as Negro families of the central city have acquired sufficient capital to enter the suburban homebuying market and as they, like other immigrant groups, seek to share in the prevailing demand for suburban community living.

A revolution in transportation is making up which, taken in association with these other changes, may have the effect of reducing the exclusive reliance upon travel by private automobile, chiefly on urban expressways, and substituting instead, at least for the journey to work, such forms of express mass transportation as electric railways, express buses in reserved rights of way in expressways, and perhaps even such advanced technological types as the low-pressure "air-car" that hovers over a barely improved right of way, or the monorail—both capable of speeds roughly twice that attainable by the private automobile.

The image of the future suburb thus is wholly different from the suburban community we have been creating, and making jokes about, during the last 15 years. So far as that type of suburb is concerned, we can say with some assurance that the suburban boom has ended. The future suburb—whether as developed from existing communities, or as new towns—will be markedly different, so much so as to demand a new word for it. Nowhere is this difference likely to be more conspicuous than in the distribution of population and the amounts of land required.

II

We are now on the threshold of metropolitan development in which suburban communities will be far more self-contained and independent from each other, and from the central city, to which they will always be linked for certain essential purposes. The free-standing satellite community may range from 25,000 to 100,000 in population. At the upper ranges it will be able to provide for virtually all of its basic needs, including a substantial part of the cultural activity that was formerly reserved for the central city.

Perhaps the most important distinction will be that the future satellite suburb will contain its population in a far smaller area than the older and more wastefully sprawling suburb. This development can be greatly furthered and will itself facilitate the retention of large areas of open land within the metropolitan area that are held free from urban development. Let me at this point call to your attention Senator HARRISON WILLIAMS' bill to authorize loans for the acquisition of metropolitan regional open spaces, the principal Federal measure that has been offered, and which I regard as the first step in a more ambitious long-range program.

Metropolitan open spaces will be constituted by the aggregate of public and private open uses of the land. These include not only publicly owned parks but conservation tained for scientific or cultural purposes, areas, watersheds, and natural areas maintained for scientific or cultural purposes. They will also include agricultural and other privately owned land that may be restricted by public regulation or through the acquisition of some form of easement or development right. These privately owned tracts could also embrace swamplands, flood plains, watersheds, or a multitude of types of land whose open character is required by some form of conservation such as the maintenance of water tables or flood control. It could include golf courses, or areas for hunting and riding.

The provision of large areas of land for outdoor recreation and such typical uses as fishing and hunting, indeed, is a further requirement if the metropolitan city of to-

morrow is to offer its inhabitants a rich variety of leisure-time opportunities. Perhaps one of the most significant of these is the use of lakes and waterways for recreational boating.

The city of the future, we can increasingly discern, is one that will be better articulated, organized into more solid and more open pieces, less sprawling, although covering perhaps a still wider area than at the present time. Where it is developed, it will be intensively developed; in other places it will be held firmly in its open character.

It remains necessary only to comment that the future city that I have sketched, and its suburban communities in particular, offer greater social and cultural advantages as well as inherently greater economies than the suburbs we have known in recent years. They offer to begin with, a greater variety of housing types and tenures that are more consistent with the economic facts of life as we know them. The experience of living in a socially diversified community of this kind is certainly a richer one to both children and adults. Communities of such heterogeneous character are inherently more democratic and offer more satisfactions and wider choice to their inhabitants than the more narrowly structured, older suburb. The tax base of satellite communities of the type I have described should be larger and stronger than the wholly residential suburbs of today. There are greater business opportunities and more satisfactions to the consumer in that type of community. Architecturally we should recover the urbanity of space in plaza and sheltered areas, the excitement of crowds and social purpose. From the point of view of the land itself, there are major gains. Instead of the relentless and inexorable chewing up of the best agricultural lands and the resulting pattern of 9 acres lost to either human or natural use for every acre required by urban development, it is possible to substitute a pattern where open space in its aggregate form is large enough, strategically located, and of such a character that it can contribute positively both to maintaining natural balance in metropolitan areas, and to providing room for the human activities and enjoyments that belong in our increasingly leisured and educated society.

From the viewpoint of the conservationist this consummation can be furthered by steps that will encourage the planning and management of open spaces in metropolitan areas in an overall fashion. There will not only be the immediate benefit of structuring and concentrating the developed areas which urban growth will require, but each use of the open space itself will gain strength from the other open uses and from being allocated according to its particular needs of area and type as well as location. We need a total strategy, if not a plan, for open space in each metropolitan area.

We are far from being organized to contribute as strongly as necessary to the creation of a future urban America along the lines I have mentioned. The urban programs of Federal, State, and local governments have tended to ignore the reciprocal need for well-planned urbanization and firmly held open spaces. We have yet to make a beginning at inventorying the necessary open uses of the land and of giving them a corresponding importance accorded the developed portions of the area. In few metropolitan areas do we know what particular pieces of land should be preserved because of their value as natural scenery, as habitats for wildlife, as recreation areas qualified by location and character, much less by their contribution to an overall plan of open spaces. The making of such metropolitan open space inventories is an immediate national need, one to be undertaken as speedily as possible in metropolitan areas with the aid of all possible and appropriate State and Federal assistance.

To reflect in such inventories the greatest conservation wisdom and the broadest spectrum of interest in open space is an intellectual challenge that should enlist a response from our universities, museums, and other scientific communities, from our more thoughtful educators, conservation and recreational leaders, and cultural authorities, and from that widespread network of citizens' organizations that have in the past been the mainstay of all our conservation and outdoor recreation programs. Working together, these groups can be counted upon to provide for each of the future cities in which our American population will be so largely concentrated the appropriate pattern of open spaces that will direct and concentrate the necessary urban growth into a wholly new and far more desirable pattern than the formless, sprawling, monotonous, wasteful, and inhuman suburbs that we have so heedlessly planned and built during the past 15 years and which offer nothing in the way of a pattern for future urban development.

We have yet to determine what the urban areas in which the next 60 million Americans will live will look like or how they can be brought into being during the next 40 years. But one thing is certain—the challenge must be faced in a creative spirit and not by assuming that we can project the older suburbs that we have known. Bold visions and humanistic ideas of the future city are what we need.

[From the Washington Post, May 28, 1961]

HARVARD GROUP'S "NEW CITY" FIGHTS SPRAWL

(By George Watson)

Twelve Harvard graduate students have preempted 1,500 choice acres in Prince Georges County, assembled a mass of data, and designed the city of their dreams.

Called simply New City, the metropolis was created on paper to illustrate how to thwart the ungainly urban sprawl that threatens to obliterate open spaces between Washington and Baltimore.

Last fall, while subdividers plotted new developments, the students were at work planning their concept of what the metropolitan area should do to avoid the already noticeable tendency of the two cities to grow together.

IDEALISTIC AND DARING

What the students in Harvard's Design Studio came up with is frankly idealistic, even utopian. But it is an exciting and daring approach to area development.

The students assumed for their project that the Federal Government was genuinely interested in urban planning and had made land available for a "starter" community of 50,000 in an eventual community of 200,000.

Although it was assumed that the Government would finance initial phases of development, New City was planned to support itself, like TVA after its first stages.

Therefore, the students had to plan an adequate tax base, including sufficient commercial and industrial land use.

Proponents of traditional architecture might be offended by New City. Certainly, it bears little resemblance to the usual subdivisions and sprawling shopping centers, which have themselves become almost traditional in America.

HIGHWAYS AND MONORAIL

Since the citizens of New City would be largely commuters to Washington and Baltimore, the plan relies on an integrated highway and monorail transportation system. (The monorail feature ran counter to the students' own premise that transportation in the Washington area was automobile oriented and likely to remain so.)

A main feature of New City is the complete separation of the central business core from

nearby residential centers. High-density development was made possible because of reliance on rapid rail transportation and limited access highways.

The business core (shown in the left foreground of the photograph) contains high-rise office buildings built on multi-story parking facilities. The parking structures are tied in with the highway system and connected to the buildings by elevators.

Between the slablike structures, containing offices, government buildings and large stores, are cultural and recreational facilities. These include theaters, a library and a museum.

SELF-SUFFICIENT COMMUNITIES

Outlying from the central business and cultural center are several residential communities, each designed to be as nearly self-sufficient as possible. (Three such communities can be distinguished in the photograph.)

The residential centers provide a variety of housing, ranging from high-rise apartments to single-family dwellings. Within each community is a smaller core of shops and markets, sufficient for the day-to-day needs of the residents.

Also decentralized and in easy walking distance from the three residential cores are elementary schools and health facilities. A central high school (seen in the center of the photograph, to the left of the athletic field) and a central hospital would serve the residential communities.

Although the students were free to use their imaginations in designing New City, they were bound by specific data on the metropolitan area—including the character of the countryside and the people.

One assumption on the climate, that "snow is infrequent and melts quickly," might lead those who recall last winter vividly to question Harvard's intelligence sources.

But the planners were careful to select an area strategically located about 18 miles from downtown Washington, 24 miles from Baltimore, and 12 miles from Annapolis.

While planned communities in the past have been either the residential or the old company town variety, New City would be a self-sustaining satellite metropolis.

The Harvard plan might come as something of a surprise to builder William J. Levitt. He already has purchased the same land near Bowie on which to build 4,500 air-conditioned, suburban houses.

INTERIOR DEPARTMENT AND RELATED AGENCIES APPROPRIATIONS FOR 1962

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the Senate temporarily lay aside the Housing Act of 1961, and resume the consideration of the appropriation bill for the Interior Department and related agencies.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The Senate resumed the consideration of the bill (H.R. 6345) making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30, 1962, and for other purposes.

THE INTERNAL SECURITY ACT OF 1950

Mr. MUNDT. Mr. President, it has been said that the mills of the gods grind slowly, but they grind exceedingly fine. Certainly as we read the decision of the Supreme Court which was handed down yesterday in connection with the Inter-

nal Security Act of 1950—the old so-called Mundt-Nixon bill—which was passed over the veto of President Truman in 1950, with fewer than a dozen Senators supporting the President in his veto of that act, it takes men with long memories to recall what Congress determined to do about communism as it passed that Internal Security Act of 1950.

Now, 11 years later, by a 5-to-4 decision of the Supreme Court—in a most welcome, constructive, and necessary decision if indeed we are to survive in this world against communism—the Supreme Court held the act to be valid and its provisions operative.

The particular section which had been challenged and which was finally adjudicated yesterday in the 5-to-4 Supreme Court decision, was the section dealing with registration of Communists and their front organizations. Since many have forgotten what Congress did so well in 1950, I take the floor of the Senate this afternoon as one of the authors of that particular piece of legislation to remind the country, the Congress, and the Communist world as to the exact status of things now that the Supreme Court has arrived at its decision.

Virtually all the newspapers of the country have reported the decision of the Supreme Court in bold and multi-column headlines. In the main the lead is the same as that contained in the newspaper which I hold in my hand, which happens to be the Chicago Daily Tribune for Tuesday, June 6. The article states:

The Supreme Court today upheld the right of the Government to brand the Communist Party of the United States a Communist action organization dominated from Moscow, and order it to register with the Department of Justice.

Eleven years have elapsed. The Internal Subversive Activities Control Board has done a highly creditable job throughout this period in trying to compel the "front" organizations of the Communist Party to register, and trying to implement the prohibitory language of the legislation. Not until the 5th day of June did the Supreme Court finally arrive at its adjudication of the legislation. Although a period of 11 years has been lost, I rejoice in the fact that we can now, for the first time, move effectively to expose and eradicate un-American influences in America which seek to destroy us from within and to deliver us to Communist Moscow without the firing of a single shot.

I read an additional statement from the news story reporting this great, important, and historic decision of the Supreme Court. The article points out that—

The Communist Party case has been in the courts nearly 10 years, or since shortly after Congress enacted the Internal Security Act in 1950. The Subversive Control Board three times ordered the party to register with the Justice Department, but the party put off the day of reckoning each time by appealing to the courts.

Mr. President, I interpolate to say that we have noticed with great satisfaction that in all the lower court decisions the Government has been successful in

maintaining the constitutionality and validity of the act, and now the decision has been made final by the Supreme Court.

The article continues—

The delay of the High Court in deciding the issue had brought activity by the Board in recent years to a virtual standstill as the members held there was no reason to proceed further against Communist-front organizations until the Supreme Court ruled. Similarly, appeal courts have held up rulings and the Justice Department has postponed citing front organizations to the Board.

Today's ruling is expected to put the Board back in business and also produce additional front citations from the Justice Department.

I point out that in the 11 intervening years since passage of the Mundt-Nixon bill, we have seen spewed out on the American scene a host of front organizations which now, for the first time, will be compelled to register under the provisions of the act, or their officers will be put in the Federal penitentiary, where they belong, and the organizations will be in violation of the Federal statute.

We now have the means to enforce the legislation. I am confident that the Attorney General, who has demonstrated an interest in the elimination of communism in this country, will act with dispatch, courage, and fortitude to bring to task Communists who have cringed behind front organizations and have slowed down the wheels of justice for 11 years, taking every advantage, as they had a right to do, of the cumbersome legal appellate machinery of America, while they have continued to develop their front organization mechanisms in this country.

I continue to read from the news story:

The order of the board against the Communist Party labeled it a "Communist-action organization" which receives its orders from a foreign power, Russia.

This statement is precisely what was recited in the preamble language of the Mundt-Nixon bill when it was first introduced and passed in the House over a year before it passed the Senate. Then we induced the Senate, by an overwhelming vote, to override the veto of President Truman to enact the proposed legislation into law over the Presidential veto.

I continue to read from the article:

Under the act members of the party would be barred from holding nonelective Federal office.

Now, for the first time in American history, we have an operative Federal statute making it a crime for Communists to seek and obtain nonelective Federal jobs, and for those in positions of authority knowingly to make available to Communists nonelective Federal jobs.

It may come as quite a shock to some to realize that a country that has been spending \$50 billion a year in an effort to defend itself against communism, until the 5th day of June 1961 has not been able to enforce a law which makes it a crime for Communists to hold jobs of a nonelective nature in the Federal Government, so that by surreptitious meth-

ods they can undermine the very Government which we depend upon to protect the sanctity of the free world.

The Mundt-Nixon Act did other things. It included workers in defense plants. It included those serving as officers of labor unions. The party was required to file the names of its members with the Justice Department and stamp its literature with the words "Communist propaganda." It must also so label its broadcasts, television programs, brochures, and propaganda publications.

It must label anything that passes through the mails as to its origin with the Communist Party, or those guilty can also be sent to the Federal penitentiary.

I rejoice in the fact that the Mundt-Nixon bill, as it is incorporated in the Internal Security Act of 1950, also makes it a Federal crime for a Communist to seek or obtain and for the Federal Government to provide a passport for a Communist to travel abroad. Now for the first time we have an effective mechanism, so that those who can be shown to be Communists not only can be denied a passport, but if they secure one, we are not limited to the puerile attempt of trying to have it recaptured, but we can send these sneak thieves and traitors to the Federal penitentiary.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. KEATING. Earlier today I commended the distinguished Senator from South Dakota on the floor of the Senate in a colloquy with his colleague from South Dakota for the part which he played, as did Vice President Nixon, in the enactment of this legislation. I am very much heartened by the decision of the Supreme Court. One point has been troubling me, however. I have not looked into it yet. Does the Senator believe that the decision of the Supreme Court went so far as to cover also the provision of the act relating to passports? Was it sweeping enough to cover that point?

Mr. MUNDT. I would, of course, bow to the superior legal knowledge and information of my colleague from New York who is a distinguished lawyer but it is my information from what I have heard and read that this was a case which forms an area of adjudication which laid down the operative features of the Internal Security Act and upheld it. I believe the decision goes to the constitutionality of the act itself.

Mr. KEATING. I believe there were two cases that were before the Court, or more than two cases. Did they deal with the specific subject of passports?

Mr. MUNDT. I am not sure about all the specific cases that were involved. There were a series of decisions, and I have not yet had an opportunity to get from the Supreme Court the exact text of all the decisions. However, I believe the Senator from New York will find that it goes beyond the area simply of the registration feature. On some aspects the decision was more vigorous and overwhelming than on others.

The Senator said that in my absence he said something kind about my efforts in cooperation with Dick Nixon in getting the bill enacted. I was not present at the time, but I deeply appreciate what the Senator has said. One of the thrilling experiences of my period of service in the House was working with the then Representative Nixon, of California, in shaping the legislation we are discussing. I had the unique and unusual privilege, because I came from the House to the Senate, of having voted for the legislation twice, the time that it passed the House before it got to the Senate, and the second time, when it was passed by both the House and the Senate. The Senator from New York, who was a Member of the House at that time, was certainly very helpful in the enactment of the legislation.

Mr. KEATING. Did the Senator vote in both the House and in the Senate twice, in the same Congress?

Mr. MUNDT. The bill passed the House twice. The first time it passed it did not get to the Senate. The second time it passed was in the next session of Congress and I had moved over to the Senate. I was able then in this body to support the efforts of Representative Nixon and Representative KEATING.

Mr. KEATING. I did not want to have anything inherently illegal about this by having it appear that the Senator from South Dakota voted in two bodies in one session of the Congress.

Mr. MUNDT. Indeed not; there is nothing illegal about going from the House to the Senate. I am sure the Senator from New York would not hold that.

Mr. KEATING. I certainly would not. I am glad to learn that it was in the next session that the Senator voted for this measure here in the Senate.

Mr. MUNDT. That is correct. I voted for it in both the 80th and in the 81st Congresses. The bill was finally enacted into law in the 81st Congress over the veto of President Harry Truman.

I do not wish to detain the Senate longer on this point. I do urge, because 11 years is a long time in which people should be asked to remember details, that Members of the House and of the Senate, and certainly members of the Department of Justice, who I am sure will now vigorously enforce the act, and I would hope also newspaper editors and commentators and the radio people speaking on this topic, would give themselves the benefit of going back and reading what is involved in these first 17 sections of the Internal Security Act of 1950. It will be good news for every patriotic American and bad news for every Communist and every individual who unfortunately has been duped or deceived by the Communists.

At long last we have devised a method for purging these organizations masquerading under pious titles and patriotic labels, but which are owned and operated and controlled and financed in the main from Moscow. This will give the well meaning citizens, who somehow or other do not exercise either common caution or good judgment

about whether they join a Communist front organization or not, serious cause to ponder before they lend their good names and funds from their purse to a front organization, which under the law, as upheld by the Supreme Court, is compelled to register its membership and its source of income and its purpose and its Communist connection with the Federal Government, or the officers themselves will be sent to the Federal penitentiary.

I congratulate the Supreme Court in striking a blow for freedom. This is more important to the national defense of America than any billion dollar appropriation we could make in any area of our military defense; more important than any single missile or armament program. It gives us effective weapons at last to provide that the homefront will be staffed and manned and equipped with loyal Americans.

I should say this at this time too, because it may save a great deal of the type of correspondence which I get almost every day from people who say, "Why didn't you and Nixon put in the bill a provision to outlaw the Communist Party? Weren't you a little bit weak? Weren't you a little bit negligent? Having fought and battled this legislation through two Congresses and overridden the veto of the President, why did you not outlaw the party?"

The reason we did not write this legislation to outlaw the party, the reason we provided for the exposure and then the elimination of Communists from high places, the reason we elected a course of action making them register and making them tell where they get their money, and who spends it, and making them label their propaganda for what it is, so that if they poison the well of American thought at least the American drinking from the bottle now sees the label on its that says, "Let the buyer beware; there is poison in the bottle," was due to the wise counsel we received from America's greatest authority on communism, J. Edgar Hoover. That advice was to the effect that the device and mechanism and machinery used in the Mundt-Nixon bill and in this legislation as now validated by the Supreme Court would be more effective than outlawry, which after all can be detoured by the Communists through simply changing the name of the party.

Mr. Hoover pointed out that Canada tried twice to outlaw the Communist Party and twice had to repeal the law because it failed. This legislation is in harmony with the American method. This provides for operating in the open, for trying to captivate the American mind in the free marketplace, because I am convinced that patriotism will succeed if we but identify the rats running loose in America, and I am convinced we can develop the proper kind of penalty, the proper kind of traps, and the proper type of rat poison to eliminate communism once we fully expose those who are involved in its activities.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of June 7, 1961
87th-1st, No. 95

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HIGHLIGHTS: Senate passed Interior appropriation bill. House passed independent offices appropriation bill. Sen. Hruska criticized farm bill. House subcommittee voted to report bill for USDA centennial celebration. Senate debated housing bill. Both Houses received President's Youth Conservation Corps bill. Sen. Humphrey and Rep. Perkins introduced and discussed this bill. Sen. Talmadge commended and inserted Secretary's article, "Public Relations -- Our No. 1 Job."

SENATE

1. INTERIOR AND RELATED AGENCIES APPROPRIATION BILL, 1962. Passed with amendments this bill, H. R. 6345. Conferees were appointed. pp. 9040-51
By a vote of 77 to 13, agreed to an amendment by Sen. Dirksen to reduce by \$10 million, from \$149,200,200 to \$139,200,200, the item for forest land management, forest protection and utilization, Forest Service. p. 9042
Agreed to an amendment by Sen. Proxmire to restore \$300,000 disapproved by the Senate Appropriations Committee for detailed design and cost estimates for constructing additional laboratory facilities at the Forest Products Laboratory at Madison, Wisc. p. 9048
2. THE AGRICULTURE AND FORESTRY COMMITTEE voted to report (but did not actually report) the following bills: p. D422
S. 302, to authorize the appropriation of an additional \$2 million for the purchase of land within the boundaries of the Superior National Forest, Minn.
S. 650, to amend the Watershed Protection and Flood Prevention Act so as to permit any irrigation or reservoir company, water users' association, or similar organization approved by the Secretary of Agriculture to sponsor works of improvement.
S. 848, to authorize the Secretary of Agriculture to convey a parcel of forest land to the town of Tellico Plains, Tenn.

S. 1040, to provide for the abolishment of the Federal Farm Mortgage Corporation.

3. WATERSHEDS. The Agriculture and Forestry Committee approved the following watershed projects: Crowabout Creek and Powell Creek, Ala.; Grady Could, Ark.; Hog-River-Pig-Creek, Ill.; Beasha Creek, Miss.; Panther Creek, Mo.; Haikey Creek, Okla.; Cane Creek, Tenn.; and Blue Creek, Utah. p. D422
4. FARM PROGRAM. The "Daily Digest" states that the Agriculture and Forestry Committee "announced that sometime next week it will proceed to consider S. 1643, proposed Agricultural Act of 1961." p. D422
Sen. Hruska criticized the farm bill, particularly the procedure for establishing farmer advisory committees and stated that the "procedures provided in S. 1643 are not democratic. Nor is the democratic process called into play." pp. 9039-40
5. PERSONNEL. The Commerce Committee voted to report (but did not actually report) S. 884, to authorize the Secretary of Commerce to procure the services of experts and consultants. p. D422
6. WATER POLLUTION. The Public Works Committee reported with amendments S. 120, to amend the Federal Water Pollution Control Act so as to provide for a more effective program of water pollution control (S.Rept.353). p. 9013
7. HOUSING. Continued debate on S. 1922, the omnibus housing bill. pp. 9051-77
8. CONSERVATION; YOUTH CONSERVATION CORPS. Both Houses received from the President a proposed bill "to authorize pilot training and employment programs for youth including on-the-job and other appropriate training, local public service programs, and conservation programs," and including the establishment of a Youth Conservation Corps; to H. Education and Labor and S. Labor and Public Welfare Committees. pp. 9009, 9012
9. FORESTRY. Sen. Neuberger inserted a joint release by the Department of Agriculture and Department of the Interior regarding Federal timber sales policies stating that Secretaries Freeman and Udall "announced adoption of a study and recommendations made by the two Departments to bring timber sale practices by the two agencies into closer uniformity," and including a summary of 13 recommendations which were adopted. pp. 9036-7
10. NATIONAL PARKS. Sen. Neuberger inserted an article, "Preserving Our National Parks." pp. 9037-8
11. SMALL BUSINESS; PROCUREMENT. Sen. Smathers submitted for printing a report of the Select Committee on Small Business, "The Role of Small Business in Government Procurement - 1961" (S. Rept. 355). p. 9077

HOUSE

12. APPROPRIATIONS. Passed with an amendment H. R. 7445, the independent offices appropriation bill for 1962. See Digest 94 for a summary of items of interest to this Dept. pp. 8975-9000
13. CENTENNIALS. Subcommittee No. 2 of the Judiciary Committee voted to report to the full committee H. J. Res. 435, to provide for recognition of the centennial of the establishment of the Department of Agriculture, and H. J. Res. 436, to provide for recognition of the centennial of the establishment of the national system of land-grant universities and colleges. p. D425

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14. TOMATOES. Rep. Wilson, Calif., spoke on the problem of importation of Cuban tomatoes, saying "in public life I suppose one should develop a tolerance for the idea of having tomatoes thrown in your direction -- but I have no intention of standing idly by while a Communist dictator throws these blood-stained tomatoes onto the American market." p. 9000
15. AGRICULTURAL RESEARCH. Rep. Monagan spoke "expressing disapproval of the reported action of the Governing Council of the United Nations Special Fund in approving a proposed agricultural research project in Cuba," and inserting a letter from Philip M. Klutznick, U. S. Representatives in the Economic and Social Council, saying "the U. S. delegate objected to the Cuban project on economic, technical, and administrative grounds." pp. 9007-8
16. EDUCATION. Rep. Zelenko spoke in support of Federal aid to education, saying "It is well known that I have consistently urged Federal aid where needed for all students in all accredited educational institutions." pp. 8006-7
17. FOREIGN TRADE. Rep. Multer spoke in favor of H. R. 7102 and H. R. 7103, to create the American Export Credits Guaranty Corporation, and inserted a resolution of the New York Board of Trade, Inc., supporting these bills. p. 9008
18. ASSISTANT SECRETARY. The Education and Labor Committee reported without amendment H. R. 6882, to provide for one additional Assistant Secretary of Labor (H. Rept. 453). p. 9009
19. TAXES. The Rules Committee reported a rule for the consideration of H. R. 7446, to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates. p. 9009
20. IRRIGATION. The Interior and Insular Affairs Committee voted to report (but did not actually report) a clean bill in lieu of H. R. 2552, to construct, operate, and maintain the Navajo Indian irrigation project and the initial stage of the San Juan-Chama project as participating projects of the Colorado River storage project. p. D425
21. HOUSING. As reported by the Banking and Currency Committee, H. R. 6028, the omnibus housing bill, includes provisions as follows:
 - Provides that in the discretion of the Secretary of Agriculture a farm housing loan may be made without taking a mortgage on the farm itself as is required under existing law.
 - Provides a 4-year extension of availability of the unused balances of approximately \$207 million of the \$450 million previously authorized of building loan funds for adequate and potentially adequate farms, authority to make commitments for contributions for potentially adequate farms, and authorization of appropriations for loans for essential land acquisition or development and grants for minor improvements relating to essential improvements or enlargements of farms.
 - Makes available until June 30, 1965, \$200 million in addition to the unused balance of approximately \$207 million of the \$450 million previously authorized for the 5 years ending June 30, 1961, for making building loans on adequate and potentially adequate farms.
 - Provides that farm housing loans may be made to owners of land in rural areas which does not qualify as a "farm" under the present definition, to assist them in financing dwellings for their own use and, in the case of applicants engaged in farming, buildings for their farm operations.

Provides for insurance by the Secretary of Agriculture of loans made by private lenders for the provision of housing and related facilities for domestic farm labor. The aggregate amount of such loans insured in any one year could not exceed \$25 million. In carrying out the insurance program the Secretary would utilize the insurance fund and procedures of the Bankhead-Jones Farm Tenant Act.

Authorizes the Secretary of Agriculture to carry out a program of research, study, and analysis of farm housing in the United States to develop data and information on the adequacy of existing farm housing, farm housing needs, housing problems faced by farmers and other rural land owners, and any other matters bearing upon the provision of adequate farm housing; and the Secretary would be authorized to carry out the program through grants made to land-grant colleges or other agencies. To finance this program, appropriations of \$250,000 a year for 4 years (beginning July 1, 1961) would be authorized.

22. FARM PROGRAM. Extension of remarks of Sen. Talmadge inserting an article, "What Is The Omnibus Farm Bill?" and stating that it presents "succinct explanations" of provisions of the proposed bill. p. A4098
Extension of remarks of Sen. Talmadge commending and inserting an article by Secretary Freeman, "Public Relations -- Our No. 1 Job." pp. A4101-2
23. EXPENDITURES. Extension of remarks of Sen. Butler stating that there has been a "tendency" of late on the part of the executive branch to by-pass Congress in the spending of moneys and that he views this as a "dangerous practice." p. A4102
24. RECREATION; FORESTRY. Extension of remarks of Sen. Cotton discussing Interior Secretary Udall's proposal to levy a 1-cent tax on cigarettes or soft drinks as a means of financing a national outdoor recreation program. pp. A4103-4
Extension of remarks of Rep. Felly speaking in support of the North Cascade Park Study, saying "In the rapidly growing pressure of population upon resources and upon open space itself, however, we may have reached a point in our history where this unique resource needs firmer guarantees of protection and different specialized skills in administration and interpretation from those with which the Forest Service is charged under present national policy." p. A4119
25. CONSERVATION. Speeches in the House during debate on the agricultural appropriation bill:
By Rep. Randall, saying "I wish to make it plain that any reduction in the agricultural conservation program appropriation is simply a case of being 'pennywise and pound foolish.'" p. A4104
By Rep. Wilson, Ind., saying "Here is a program that is developed lock, stock, and barrel to help the farmers cure their own problems." pp. A4120-1
By Rep. Wilson, Ind., saying "If there is any obligation we owe to posterity more than that of conserving our God-given soil, I do not know what it might be." p. A4125
26. ELECTRIFICATION. Extension of remarks of Sen. Jackson inserting a speech "Nine Major Benefits of Consumer-Owned Power." pp. A4130-2

BILLS INTRODUCED

27. MINERALS. H. R. 7534, by Rep. Olsen, to stabilize the mining of lead and zinc by small domestic producers on public, Indian, and other lands; to Interior and Insular Affairs Committee.

Warren, Pa. As I remarked on the Senate floor at that time this laboratory is vitally needed to speed the research program at Warren. The laboratory, costing \$200,000, would give the research staff that are now on the job the kinds of facilities they need but do not have, and would materially hasten the pace of work and efficiency of the scientists.

Forestry research at Warren, Pa., is filling a recognized need. This new laboratory would serve not only the needs of Pennsylvania, but of adjacent States as well which have similar forest types.

I sincerely believe that the forestry research program is sound. The increase of \$4 million for laboratory construction is in accordance with carefully developed plans. The action of this committee on previous occasions has established well its position of leadership in the field of forestry by its vision on matters such as I discuss. I support, Mr. Chairman, the action required so this program can go ahead.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no amendment to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 6345) was passed.

Mr. HUMPHREY. Madam President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. KUCHEL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HAYDEN. Madam President, I move that the Senate insist upon its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mrs. NEUBERGER in the chair) appointed Mr. HAYDEN, Mr. RUSSELL, Mr. McCLELLAN, Mr. KEFAUVER, Mr. BIBLE, Mr. MUNDT, and Mr. YOUNG of North Dakota conferees on the part of the Senate.

HOUSING ACT OF 1961

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 1922) to assist in the provision of housing for moderate and low-income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

Mr. MANSFIELD. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Montana will state it.

Mr. MANSFIELD. I make this inquiry in the time available on the bill. What is the pending amendment?

The PRESIDING OFFICER. The pending amendment is the Capehart amendment identified as "6-1-61-D."

Mr. MANSFIELD. I thank the Chair.

The PRESIDING OFFICER. On this question, the Senator from Indiana has 22 minutes remaining under his control and the Senator from Alabama has 29 minutes remaining under his control.

The amendment is the Capehart amendment lettered "D"—"D" as in Denver.

Mr. HUMPHREY. Or "D" as in Dallas? [Laughter.]

Mr. SPARKMAN. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Alabama will state it.

Mr. SPARKMAN. What became of the Javits amendment? I thought it was the pending amendment.

The PRESIDING OFFICER. The yeas and nays have been ordered on the Javits amendment, and it will come up later.

Mr. SPARKMAN. Very well.

Mr. CAPEHART. Madam President—

The PRESIDING OFFICER. Will the Senator from Indiana state how much time he yields to himself?

Mr. CAPEHART. Five or ten minutes.

The PRESIDING OFFICER. The Senator from Indiana may proceed.

Mr. CAPEHART. I should like to propose to the floor manager of the bill a modification of my amendment, to see whether he will accept it, namely, to reduce the period of time from 25 years to 20 years, and to state that it applies only to buildings or structures 10 years of age or older.

Mr. SPARKMAN. And leave the maximum amount at \$10,000?

Mr. CAPEHART. Yes. The pending amendment would reduce the amount from \$10,000 to \$7,000, and would reduce the number of years from 25 to 15. Would the Senator from Alabama accept a modification which would reduce the years from 25 to 20, would leave the amount at \$10,000, but would provide that the money can be spent only on structures or houses 10 years of age or older?

Mr. SPARKMAN. Yes, I would be willing to agree to that amendment.

Mr. ROBERTSON. Will the Senator state what amendment is being discussed, to be adopted by unanimous consent?

Mr. CAPEHART. None. We are only discussing this.

Mr. ROBERTSON. I do not know what amendment is being considered.

Mr. SPARKMAN. The Chair announced that the amendment is identified as the Capehart amendment "6-1-61-D."

Mr. ROBERTSON. There was so much noise in the Chamber that I could not hear the Chair's announcement.

Mr. SPARKMAN. It is the amendment relating to the home improvement and rehabilitation loan proposed by the bill. The Senator from Indiana has proposed to reduce the term of the loans from 25 years to 20 years, and to permit the maximum amount to stand at \$10,000. He also proposes to include a proviso that loans would only be made on houses 10 years of age or older.

The PRESIDING OFFICER. On this amendment, the yeas and nays have been ordered. Therefore, the amendment can now be modified only by unanimous consent.

Mr. CAPEHART. I understand, Madam President. I shall use the 10 minutes I have allocated to myself to discuss this matter.

Let me ask whether there is objection to unanimous consent to modify the amendment along this line.

The PRESIDING OFFICER. If the Senator from Indiana will permit the Chair to put the question—

Mr. ROBERTSON. Madam President, reserving the right to object, let me say that the Senator from Indiana had a printed amendment which goes far beyond the present law. Will he please explain to the Senate why he has abandoned that position, for a still more liberal one?

Mr. CAPEHART. I am not abandoning it. I just asked the able Senator in charge of the bill, the Senator from Alabama, whether he would be willing to accept an amendment along the line of the one I have just now stated. Unanimous consent is required in order that I may withdraw my amendment. But I have not yet requested that.

However, I gather that the able Senator from Virginia would be opposed even to providing for 20 years and a \$10,000 maximum, and including a proviso that the buildings must be 10 years of age or older.

Mr. ROBERTSON. I take the position that the present law has worked well and is sufficiently liberal. But rather than go to the extent provided by the bill, I was prepared to support the amendment offered by the Senator from Indiana. I will not agree to have that amendment withdrawn.

Mr. MANSFIELD. Madam President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. MANSFIELD. I rise to propound a parliamentary inquiry: Would it be in order at this time to request unanimous consent that the yeas and nays—which have been ordered on this amendment—be withdrawn, so that the Senator from Indiana may then offer a new amendment—in other words, his amendment in modified form?

Mr. CAPEHART. Madam President, I prefer to have the Senate vote on the amendment as it is now written. If the Senate adopts the amendment, we shall be very happy. If the Senate does not adopt the amendment as it is now written, later I shall offer the modification I have discussed.

Mr. ROBERTSON. That is certainly a more logical position.

Mr. CAPEHART. Very well.

Madam President, this amendment is a very simple one. It reduces the amount from \$10,000 to \$7,000, and reduces the period of years from 25 to 15. We now have—and have had for many years—a law, regarding home improvements, to do the same thing that this section of the bill would do, but with a limit of \$3,500, and for a period not to exceed 5 years.

It is my opinion that 15 years—or three times as long as has been allowed in the past—and \$7,000—or twice the amount we have allowed in the past—are ample, and should satisfy, I believe, the most liberal and should satisfy the building industry. I think it is a more sound and sane and sensible approach at the moment, rather than to provide for up to 25 years—a long time—and up to \$10,000.

Madam President, I am willing to yield back the remainder of the time under my control.

Mr. BUSH. First, Madam President, will the Senator from Indiana yield 1 minute to me?

Mr. CAPEHART. I yield.

Mr. BUSH. I should like to support the amendment of the Senator from Indiana; I believe it is a desirable amendment, and I am glad the Senate will vote on it. I see no reason why the terms should not be raised as gradually as would be the case under this amendment.

To jump to 25 years would, I believe, be unnecessary. I believe 15 years is a reasonable time for a home improvement loan to be insured by the FHA.

Also, to jump from \$3,000 to \$7,000—an increase of 2½ times—would be more than necessary, in my opinion.

So I believe the amendment of the Senator from Indiana is a sound one and should be supported.

The PRESIDING OFFICER. Does the Senator from Alabama yield back the remainder of the time under his control?

Mr. SPARKMAN. No, Madam President. I wish to speak very briefly. At this time I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from Alabama is recognized for 10 minutes.

Mr. SPARKMAN. Madam President, I would be perfectly willing to accept the modified amendment proposed by the Senator from Indiana as a compromise, but not the amendment on which the yeas and nays have been ordered.

I wish to repeat a statement I have already made. Reference has been made to the existing title I home repair and improvement program. This program is a home improvement program. It covers perhaps the painting of a house; a new roof; a new bathroom; a new porch, or something of that kind.

Home improvements and home repairs are involved. It is not a regular type of FHA program. It is true that this program is administered by the FHA, but the agency has nothing to do with processing the application for the loan. The FHA simply insures the lender against loss if the lender requests such insurance. Under the program, the homeowner goes to his local bank and makes application for a loan. If the bank approves the application and makes the loan the bank may ask for insurance under the home improvement program. The FHA, if the bank is an approved institution, merely insures the bank against loss on the loan on a 90-10 basis; that is the FHA assumes 90 percent if there is a loss and the banks assume a 10 percent loss.

The program proposed by this bill would require that an application for a

loan must be processed by the FHA, and that all FHA's regular underwriting standards will apply to the application and, indeed to the applicant's credit ability. In other words, applications under the new program will be processed in the same manner as the agency would process an application for mortgage insurance.

Mr. ROBERTSON. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. ROBERTSON. I agree that the proposal goes much further than merely to provide funds to finance a \$3,500 repair job.

Mr. SPARKMAN. That is correct.

Mr. ROBERTSON. But, under the program, the loan will be made on the good faith and credit of the homeowner, and not be secured by a mortgage. No mortgage will be required, and the Federal Government will have to hold the bag.

Mr. SPARKMAN. I must say, with all due deference to my dear friend and my chairman, that his statement is not entirely correct.

Mr. ROBERTSON. Why is it not correct?

Mr. SPARKMAN. Because we wrote into the pending bill that there must be adequate security, and also in the report we tried to explain what we meant by adequate security. We said for the longer terms and the larger amounts we would expect there would be junior liens or liens as may be appropriate under the circumstances involved and the laws of the particular State.

Mr. ROBERTSON. In committee the proposal that mortgages be required was defeated. Something about it was put in the report, but it means nothing.

Mr. SPARKMAN. That was done because there might be smaller amounts provided for which a note at the bank would be sufficient, or collateral might be placed, or something of that kind. I believe the matter is adequately covered by the language in the bill that there must be adequate security and by the statement in the report which is to be found on pages 12 and 13.

Madam President, one of the great advocates of the FHA programs for existing homes has been, through the years, my distinguished friend, the senior Senator from Indiana [Mr. CAPEHART].

The real estate boards, the various building groups and various groups of private enterprise have through the years recommended a rehabilitation program. We had the famous Baltimore plan of rehabilitation. That is exactly what is here proposed. It makes possible, where existing homes can be rehabilitated, making them a part of the inventory of livable homes.

Mr. DOUGLAS. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. DOUGLAS. Has not one of the leading advocates of improving existing houses been the distinguished senior Senator from Indiana [Mr. CAPEHART]?

Mr. SPARKMAN. Yes, he has, year after year. We are simply trying to carry out something that he has advocated in the past.

It must be remembered that the \$10,000 amount is the maximum. I believe it is a reasonable maximum when we consider that there is involved the rehabilitation or the rebuilding of a house.

I am perfectly willing to go along with the Senator, and lower the term from 25 years to 20 years, and I am perfectly willing to provide that the loan shall not be provided on a house that is less than 10 years old, because it is the older homes it is being proposed to rehabilitate.

Mr. CAPEHART. We are certainly not very far apart—\$7,000 as against \$10,000 and 25 years as against 15 years.

Mr. SPARKMAN. I think if we vote down the pending amendment, we can get together very easily.

Mr. CAPEHART. My position is that my proposal is sufficient when we are talking in terms of persons of middle income whose homes cost from \$9,000 to \$15,000.

Mr. SPARKMAN. We are not talking about that class of homes.

Mr. CAPEHART. We ought to be.

Mr. SPARKMAN. We are talking generally about deteriorated homes, which at one time may have been good livable homes, but which have become rundown and need repair or some rebuilding or some rehabilitation. I think the figure of \$10,000 is a reasonable maximum limit.

Mr. CAPEHART. I appreciate the praise I received from the Senator from Alabama and the Senator from Illinois, because it is very seldom that I get praise.

Mr. SPARKMAN. The Senator knows that is not true. I praise him every time we authorize a housing bill.

Mr. CAPEHART. I do not think there is any need for the Federal Government to be lending money to persons with large incomes.

Mr. SPARKMAN. We are not talking about such homes nor are we talking about loans being made by the Federal Government.

Mr. CAPEHART. The only reason why I am proposing the 15-year period and the \$7,000 maximum is to help the low income and the middle income people. We are trying to help those who have dilapidated homes. I think we are both agreed in principle that it ought to be done and that there is a need for it. I think the provision ought to be 15 years and \$7,000. We are being as liberal as we need to be at this particular time.

Mr. SPARKMAN. I hope the Senate will vote down the amendment, and if so, I shall be perfectly willing to agree to the proposal which the Senator from Indiana stated a few moments ago.

I yield back the remainder of my time.

Mr. CAPEHART. Madam President, I yield back the remainder of my time, and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SPARKMAN. Madam President, I ask unanimous consent that further

proceedings under the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendments offered by the Senate from Indiana [Mr. CAPEHART] for himself and the Senator from Utah [Mr. BENNETT]. On this question the yeas and nays have been ordered, and the clerk will call the role.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Arizona [Mr. HAYDEN] and the Senator from Tennessee [Mr. KEFAUVER] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY] is necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Arizona [Mr. HAYDEN], and the Senator from Tennessee [Mr. KEFAUVER] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Vermont [Mr. AIKEN] is absent by leave of the Senate on official business.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Kansas [Mr. CARLSON], and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

The Senator from Kentucky [Mr. COOPER] is necessarily absent.

If present and voting, the Senator from Vermont [Mr. AIKEN], the Senator from New Hampshire [Mr. BRIDGES], the Senator from Kentucky [Mr. COOPER], and the Senator from Wisconsin [Mr. WILEY] would each vote "yea."

The result was announced—yeas 35, nays 56, as follows:

[No. 60]

YEAS—35

Allott	Eastland	Robertson
Beall	Fong	Russell
Bennett	Goldwater	Saltonstall
Bush	Hickenlooper	Schoeppel
Butler	Hruska	Scott
Byrd, Va.	Keating	Smith, Maine
Capehart	Lausche	Stennis
Case, S.Dak.	McClellan	Talmadge
Cotton	Miller	Thurmond
Curtis	Morton	Williams, Del.
Dirksen	Mundt	Young, N. Dak.
Dworshak	Prouty	

NAYS—56

Anderson	Hart	McNamara
Bartlett	Hartke	Metcalf
Bible	Hickey	Monroney
Boggs	Hill	Morse
Burdick	Holland	Moss
Byrd, W.Va.	Humphrey	Muskie
Cannon	Jackson	Neuberger
Carroll	Javits	Pastore
Case, N.J.	Johnston	Pell
Church	Jordan	Proxmire
Clark	Kerr	Randolph
Dodd	Kuchel	Smathers
Douglas	Long, Mo.	Smith, Mass.
Ellender	Long, Hawaii	Sparkman
Engle	Long, La.	Symington
Ervin	Magnuson	Williams, N.J.
Fulbright	Mansfield	Yarborough
Gore	McCarthy	Young, Ohio
Gruening	McGee	

NOT VOTING—9

Aiken	Carlson	Hayden
Blakley	Chavez	Kefauver
Bridges	Cooper	Wiley

So Mr. CAPEHART's amendment D was rejected.

Mr. CAPEHART. Madam President, I ask unanimous consent that the Senate consider out of order an amendment having to do with the same subject, which, I understand, the Senator in charge of the bill, the able Senator from Alabama [Mr. SPARKMAN], is prepared to accept. It will require only a short time.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The amendment of the Senator from Indiana will be stated.

The LEGISLATIVE CLERK. On page 14, line 23, it is proposed to strike out "used or to be used" and insert in lieu thereof the following: "which was constructed not less than 10 years prior to the making of any such loan, advance of credit, or purchase, and which is used or will be used".

On page 15, line 24, it is proposed to strike out "twenty-five" and insert in lieu thereof "twenty".

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana.

Mr. SPARKMAN. Madam President, I am willing to accept the amendment. I yield back the remainder of my time.

Mr. CAPEHART. Madam President, I yield back the time allotted to me.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana.

The amendment was agreed to.

Mr. FULBRIGHT. Madam President, I call up my amendment "6-6-61C" and ask that it be stated.

The PRESIDING OFFICER. Under the unanimous consent agreement, the amendments must follow in order. The next amendment to be considered is the Capehart amendment designated "J."

Mr. SPARKMAN. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SPARKMAN. Would it be in order by unanimous consent to change the previous order? I make the suggestion because the Senator from Arkansas [Mr. FULBRIGHT] has an amendment to which I think we can agree, and the same is true with respect to an amendment to be offered by the Senator from Virginia [Mr. ROBERTSON].

Mr. CAPEHART. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CAPEHART. Is the pending amendment, known as Capehart "J," the only amendment pending?

The PRESIDING OFFICER. The amendment known as Capehart "J" is the pending amendment.

Mr. CAPEHART. Is there any amendment pending beyond that amendment?

The PRESIDING OFFICER. Yes; the amendment known as the Javits-Bush amendment is pending.

Mr. CAPEHART. Madam President, I ask unanimous consent that the able Senator from New York [Mr. JAVITS] be permitted to call up his amendment at this time, rather than proceeding to the consideration of my amendment "J."

Mr. JAVITS. Madam President, reserving the right to object—

Mr. FULBRIGHT. Madam President, reserving the right to object—

The PRESIDING OFFICER. There is objection.

Mr. CAPEHART. Madam President, I ask unanimous consent that the unanimous-consent agreement under which the Senate would proceed to consider the Capehart amendment "J" be dissolved, and that the Senate proceed in regular order, as though there had never been an order entered to call up the amendment known as Capehart "J."

The PRESIDING OFFICER. Is there objection?

Mr. CAPEHART. I reserve the right to call up my amendment later.

Mr. JAVITS. Madam President, reserving the right to object, I should like to inquire of the Senator from New York as to his purpose.

It was my thought that there was an orderly way in which to approach the whole problem. If the Senator will modify his unanimous consent request to allow the Senator from Arkansas [Mr. FULBRIGHT] to precede me, I will have no objection.

Mr. CAPEHART. Madam President, if my request is agreed to, whatever Senator obtain the floor and offers an amendment will be permitted to proceed.

Mr. JAVITS. Madam President, continuing my reservation of my right to object, I respectfully submit that what has been stated is not the situation. I would immediately follow. Therefore, if the unanimous-consent request were amended to call for the Senator from Arkansas [Mr. FULBRIGHT] to proceed, such action would be satisfactory to me.

Mr. SPARKMAN. Action on the amendment of the Senator from Arkansas [Mr. FULBRIGHT] would be followed by consideration of the amendment offered by the Senator from Virginia [Mr. ROBERTSON].

Mr. ROBERTSON. Madam President, I have a noncontroversial amendment that I do not expect to discuss at length, and which I believe the chairman of the subcommittee will accept.

The PRESIDING OFFICER. Is there objection to proceeding to consider the amendment offered by the Senator from Arkansas?

Mr. CAPEHART. Madam President, I ask that my unanimous-consent request include both the Capehart amendments that have been offered and the Javits amendment, and that those amendments be considered in regular order at a later date.

The PRESIDING OFFICER. The Chair asks the Senator from Indiana to restate his request.

Mr. CAPEHART. I ask unanimous consent that the order providing for the calling up of the Capehart amendment "J" at this time, to be followed by the Javits amendment, be vacated, and that the Senate proceed in regular order as though neither of those amendments had been ordered to be disposed of at this time.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Indiana?

Mr. JAVITS. Madam President, reserving the right to object, I believe that by agreeing to the request we would still not meet the issue, because we do not know how much time would be required to consider the other amendments. I am more than happy to accommodate the Senator from Indiana, and I agree with him that my amendment should follow his. But I respectfully suggest that at the moment about all we can do is to yield to the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Virginia [Mr. ROBERTSON], and then I am sure that Senate would be tolerant of any further arrangements which we would need to make.

Will the Senator from Indiana join with me in that request?

Mr. CAPEHART. I will join in that request.

The PRESIDING OFFICER. Is there objection?

Mr. HARTKE. Madam President, reserving the right to object, may I have added to the list of the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Virginia [Mr. BYRD] the junior Senator from Indiana?

Mr. JAVITS. Such arrangement would be satisfactory.

Mr. CAPEHART. Yes.

Mr. JAVITS. If the Senator will yield to me to make a unanimous-consent request—

Mr. CAPEHART. I yield.

Mr. JAVITS. I ask unanimous consent that in lieu of the unanimous-consent request of the Senator from Indiana [Mr. CAPEHART], the amendments which are now on the calendar for consideration, in the order in which they are on the calendar for consideration, may be preceded by amendments to be proposed by the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Virginia [Mr. ROBERTSON], the Senator from Indiana [Mr. HARTKE], and the Senator from Florida, in that order.

The PRESIDING OFFICER. Is there objection? Hearing none, the Senator from Arkansas may proceed.

Mr. FULBRIGHT. Madam President, I call up my amendment 6-6-61—C, and ask that it be stated.

The LEGISLATIVE CLERK. On page 83, line 14, insert "(a)" after "SEC. 702." and after line 20 insert the following:

(b) Section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464) is amended by adding at the end thereof the following new paragraph:

"Without regard to any other provision of this subsection, any such association whose general reserves, surplus, and undivided profits aggregate a sum in excess of 5 per centum of its withdrawable accounts is authorized to invest in, to lend to, or to commit itself to lend to any business development credit corporation incorporated in the State in which the head office of such association is situated, in the same manner and to the same extent as the statutes of such State authorize a savings and loan association organized under the laws of said State to invest in, to lend to, or to commit itself to lend to such business development credit

corporation, but the aggregate amount of such investments, loans, and commitments of any such association outstanding at any time shall not exceed one-half of 1 per centum of the total outstanding loans made by such association, or \$250,000, whichever is lesser."

Mr. BUSH. Madam President, may we have order?

The PRESIDING OFFICER. The Senate will be in order. How much time does the Senator from Arkansas yield himself?

Mr. FULBRIGHT. Ten minutes.

Madam President, my amendment is based upon Senator ERVIN's bill, S. 846, which he introduced on behalf of himself, Senator JORDAN, and myself. S. 846 in turn is based on S. 3581 of the last Congress.

The proposal would amend section 5(c) of the Home Owners Loan Act of 1933. It would authorize Federal savings and loan associations to invest in or lend to State development credit corporations in their States, if State savings and loan associations in their States are permitted to do so under local law. The authority is limited. A Federal savings and loan association may only lend or invest in a development credit corporation in its State to the extent permitted for State savings and loan associations. And in addition, this proposal places a further limit of one-half of 1 percent of the outstanding loans of the Federal savings and loan association or \$250,000, whichever is lesser. Furthermore, a Federal savings and loan association may act under the proposal only if its general reserves, surplus, and undivided profits exceed 5 percent of its withdrawable accounts.

A full description of this proposal was given by the Senator from North Carolina on February 9 of this year when he introduced S. 846. At that time he pointed out that the laws of at least 22 States authorized State savings and loan associations to participate in financing business development credit corporations. In March of 1961, Indiana passed House bill 508 which authorized Indiana savings and loan associations to participate. In other States, such as Arkansas, it is my understanding that State savings and loan associations are authorized to do so although the State statutes do not explicitly confer such power.

In drawing up my amendment from S. 846, I have revised the language so as to make it clear that in Arkansas and other States with similar statutes, Federal savings and loan associations may join State savings and loan associations in supporting these business development credit corporations.

Since the introduction of S. 846, a number of comments have been received which it would, I believe, be helpful to the Senate to see.

I ask unanimous consent that excerpts from the recently released CED report on "Distressed Areas in a Growing Economy," and correspondence, be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD as follows:

EXCERPTS FROM REPORT OF COMMITTEE FOR ECONOMIC DEVELOPMENT ENTITLED "DISTRESSED AREAS IN A GROWING ECONOMY"

The most important sources of local funds, outside of normal banking channels, have been the local community development corporations (p. 61).

In several States privately financed development credit corporations have been established which use private funds from conventional financial institutions to make long-term credit available to sound small businesses. The Gilmore study indicates that as of the end of 1957, these corporations in seven States had approved 407 loans for \$32 million. Half of the loans have a maturity of 6 to 10 years and most have been made at an interest charge of 6 percent. In New York and five New England States new loans are being made at an annual rate of approximately 115 loans for an aggregate of \$10 million (p. 62).

A number of States with extensive chronic unemployment lack State development credit corporations. Private capital may not be as available as in New York or New England, nor State tax resources as extensive as in Pennsylvania. Local industrial development corporations in some States report that they have used most of the available local sources of capital (p. 63).

For these reasons we believe additional assistance in financing is required for local industrial development corporations, for local government units, and for concerns building in distressed areas (p. 63).

THE BUSINESS DEVELOPMENT
CORP. OF NORTH CAROLINA,
Charlotte, N.C., February 17, 1961.

Re bill S. 846, 87th Congress.

Hon. SAM J. ERVIN, Jr.

Old Senate Office Building,
Washington, D.C.

DEAR SENATOR ERVIN: You have rendered a genuine public service in introducing the above bill for yourself, Senator FULBRIGHT, and Senator JORDAN. I think you have drawn a very fine bill. If enacted, it will make a large amount of funds available for small industry in this State through this corporation without additional taxation. The need for small industry aid is very genuine, and for this reason, I believe your bill will prove popular and have nationwide interest.

I hope you and all of your associates there in Washington will push this through with all energy possible.

Sincerely yours,

R. A. BIGGER,
President.

UNITED STATES SAVINGS AND
LOAN LEAGUE,
Chicago, Ill., March 21, 1961.

Mr. H. POWELL JENKINS,
Executive Vice President, The Business Development Corp. of North Carolina,
Raleigh, N.C.

DEAR MR. JENKINS: Thank you for your letter of March 7 discussing S. 846 to amend the Home Owners Loan Act to permit savings and loan associations to invest in, lend to or commit themselves to lend to State development credit corporations.

Our legislative committee has considered this legislation and we are interested in it and I certainly have no objection to it. In fact, we are generally favorable to it. We are aware of the outstanding work that has been done in North Carolina and the work of some of our member institutions in this program. It has been a very wholesome development and I hope our institutions and our people can take an appropriate part in this kind of activity.

Sincerely,

NORMAN STRUNK,
Executive Vice President.

BUSINESS DEVELOPMENT CORP.,
Louisville, Ky., April 6, 1961.

Mr. MATTHEW HALE,
Chief of Staff, U.S. Senate, Committee on
Banking and Currency, Washington, D.C.

DEAR MR. HALE: Attached is a copy of the
Kentucky act which is now on the statute
books.

I am sorry to say that no State-chartered
savings and loan associations are members
of our organization. We have had several
meetings with associations groups.

I recently had lunch with the president-
to-be of the association of these organiza-
tions. From what he said it seems that the
federally-chartered Kentucky associations are
dominant in size, as well as being the leaders
in that particular Kentucky industry.
Therefore, it was strongly emphasized by
this president-to-be that it is fruitless to
attempt to get memberships out of the
State-chartered associations here in Ken-
tucky until the federally-chartered associa-
tions take the lead.

Sincerely yours,

Bob,

ROBERT K. LANDRUM,
Executive Vice President.

NEW YORK BUSINESS
DEVELOPMENT CORP.,
Albany, N.Y., May 16, 1961.

The Honorable SAMUEL J. ERVIN, Jr.,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ERVIN: We are gratified to
learn that you are a sponsor of Senate bill
846 which contemplates permitting Federal
savings and loan associations to invest in,
lend to, or commit themselves to lend or
purchase stock in State-chartered corpora-
tions.

As secretary of the Northeastern Confer-
ence of Development Corporations, which
embraces all of the New England States, New
York, and New Jersey, I would be pleased to
appear before your committee if you think
my services or testimony would be helpful.

Sincerely yours,

DAVID J. DUGGAN,
Secretary, Northeastern Conference of
Development Credit Corporations.

FIRST AND MERCHANTS
NATIONAL BANK OF RICHMOND,
Richmond, Va., July 12, 1960.

Hon. A. WILLIS ROBERTSON,
U.S. Senate,
Washington, D.C.

DEAR WILLIS: I understand your Banking
and Currency Committee has had referred to
it Senate bill 3581, introduced by Senator
ERVIN of North Carolina. This bill has to do
with permitting Federal savings and loan
associations to invest in the securities of
State industrial development companies.

We are getting ready to form a Virginia
Industrial Development Corp. to assist in
financing new industry moving into our
State. The Virginia Bankers Association has
endorsed the corporation and undoubtedly
many member banks will become lending
members of the corporation. We want the
Federal savings and loans also to become
lending members, but they are prohibited
by law.

I am writing therefore to speak a good
word on behalf of Senator ERVIN's bill.
North Carolina has had for 4½ years an in-
dustrial development corporation such as
the one we are now forming in Virginia. The
State-chartered savings and loan associations
in North Carolina are members. The fed-
erally chartered associations should also be
permitted to be members, in my opinion.

Sincerely yours,

ROBERT T. MARSH, Jr.,
President.

Mr. ANDERSON. Madam President,
will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. ANDERSON. Do I understand
correctly that the text of the amend-
ment, was introduced as a bill in
February?

Mr. FULBRIGHT. Yes.

Mr. ANDERSON. Have hearings been
held on it before the committee?

Mr. FULBRIGHT. Does the Senator
refer to the bill which was introduced
by the Senator from North Carolina?

Mr. ANDERSON. Yes.

Mr. FULBRIGHT. I do not believe
hearings were held on it.

Mr. ANDERSON. Is it not normal
for a bill to be considered by a commit-
tee, instead of bringing it up on the floor
in this way?

Mr. FULBRIGHT. That bill was pre-
ceded by S. 3581 in the last Congress.
The author of the bill, the Senator from
North Carolina [Mr. ERVIN] believes, as
I do, that this is the proper way to con-
sider this matter.

Mr. ANDERSON. Which committee
would consider the bill?

Mr. FULBRIGHT. The Banking and
Currency Committee, from which the
pending bill was reported.

Mr. ANDERSON. Why could not the
Banking and Currency Committee con-
sider it and report this proposal?

Mr. FULBRIGHT. The committee
could. However, this seemed to be the
more efficient and proper way of han-
dling the proposal.

Mr. ANDERSON. It would seem to
me that the proper way to handle it
would be to have the committee con-
sider it and report it, if it is a good bill.

Mr. FULBRIGHT. It is a good bill.

Mr. ERVIN. This is a very simple
amendment, if the Senator will permit
me to comment on it.

Mr. ANDERSON. I raise the question
because many States have other than
Federal savings and loan associations
which might wish to participate. They
have had no opportunity to be heard.

Mr. FULBRIGHT. My amendment
would not exclude them. Its only pur-
pose is to make it possible for Federal
savings and loan associations to do what
State savings and loan associations are
permitted to do by State law. If the
Senator wishes to introduce a bill in be-
half of other institutions, I am sure it
will receive consideration.

Mr. ANDERSON. The other associa-
tions may have been waiting for an op-
portunity to be heard on the bill to
which the Senator has referred.

Mr. ERVIN. Madam President, will
the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. ERVIN. Many State organiza-
tions can do so now. The amendment
allows Federal savings and loan associa-
tions to make investments in a State de-
velopment corporation. There are 23
States which have State development
corporations. Under the bill, Federal
savings and loan associations are allowed
to take such action only if State savings
and loan associations are authorized by
State law to make such loans. In addi-

tion to that, there are two limitations.
One is that the Federal savings and loan
association, in order to be permitted to
make an investment in the State devel-
opment corporation, must have at least
5 percent in reserves, undivided profits
and surplus above its withdrawal ac-
counts. In addition to that, it can lend
not more than one-half of 1 percent of
its outstanding loans, or \$250,000, which-
ever is the lesser sum.

Mr. ANDERSON. As I understand,
the bill was sent to the Banking and
Currency Committee in February of this
year.

Mr. ERVIN. It was introduced last
session also.

Mr. ANDERSON. Did the Federal
agencies report on it at the last session?

Mr. ERVIN. No.

Mr. ANDERSON. Have they reported
on it at this session?

Mr. ERVIN. No.

Mr. ANDERSON. Why do we get a
bill on the floor on which we cannot get
a report from the Federal agencies?

Mr. ERVIN. This is a permissive bill.

Mr. ANDERSON. Why did not one of
the agencies report on it?

Mr. FULBRIGHT. I do not know.
Does the Senator make objection purely
on procedural grounds, or does he object
on the merits of the amendment?

Mr. ANDERSON. I do not know any-
thing about the merits of the amend-
ment. No hearings have been held on
it. The Home Owners Loan Act has
been under consideration for a long time,
since back in 1933. Someone tried to
have the bill enacted at the last session,
but could not get a favorable report, and
therefore it died. Now they put the
same bill in this year, and they cannot
get a report. There ought to be some
procedural way of handling these things.

Mr. ALLOTT. Madam President, will
the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. ALLOTT. I should like to ask
two questions. First of all, is it true or
not that this matter has been reported
on by the Federal Home Loan Bank
Board?

Mr. FULBRIGHT. My understanding
is that no report has been made.

Mr. ALLOTT. Was this particular
amendment considered by the commit-
tee?

Mr. FULBRIGHT. I do not know.
The Senator from Alabama knows. Did
the committee consider the amendment?

Mr. SPARKMAN. This amendment
was not considered by the committee. I
believe I can explain the reason for it.
It was anticipated that we would have
savings and loan legislation before us
probably involving reorganization and
other matters, and therefore we decided
not to consider any savings and loan as-
sociation legislation in connection with
the bill. The legislation we had antici-
pated being proposed has not been pro-
posed—at least no recommendation has
been made. I believe that the sponsors
feel it would be highly desirable to have
this language enacted in order to have
uniform action as between the Federal
and State associations within those

States which have passed enabling legislation for State associations.

Mr. ROBERTSON. Madam President, will the Senator yield to me, so that I may explain the position of the Home Loan Bank Board?

Mr. FULBRIGHT. I yield.

Mr. ROBERTSON. The Home Loan Bank Board and a number of other agencies were requested in February to submit a report on the Ervin bill. However, they cannot submit their reports until they have been cleared by the Bureau of the Budget. The Bureau of the Budget has been so busy sending supplemental appropriation requests to Congress that it has not been able to catch up with all the legislative details, and the committee has not yet received the reports.

The chairman of the committee received a letter from the president of the Virginia Bankers Association. The president of Virginia Bankers Association is the president of the biggest bank in Richmond. They want to take part in the business of the Virginia Redevelopment Corporation, and the banks will be more inclined to contribute to it when the Federal savings and loan associations can contribute to it.

Mr. ERVIN. Madam President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. ERVIN. This amendment was introduced as a bill in the last Congress. The Federal Home Loan Bank Board has never expressed any opinion on it. I respectfully submit that where a bill is favored by approximately 23 States, Congress ought not to lose its legislative power merely because the Federal Home Loan Bank Board has not answered a request for its opinion. Action should not be delayed simply because the Federal Home Loan Bank Board has not answered letters.

This is a very simple and progressive amendment. It places no obligation on anyone. It merely authorizes a Federal savings and loan association to lend not more than one-half of 1 percent of the amount of all its outstanding loans or \$250,000, whichever is smaller, if such association has a 5-percent surplus above all of its withdrawable accounts, and if State savings and loan associations in the same State are allowed to make loans to State development corporations.

Mr. ALLOTT. Madam President, will the Senator from Arkansas further yield?

Mr. FULBRIGHT. I yield.

Mr. ALLOTT. I have listened to the statement of the Senator from North Carolina. I cannot see the logic of adopting a system by means of a bill, or an amendment to a bill, when the administration does not consider it important enough to even write a short letter of approval.

The PRESIDING OFFICER. The time of the Senator from Arkansas has expired.

Mr. FULBRIGHT. I yield myself 5 more minutes.

Mr. ALLOTT. Madam President, will the Senator yield a minute to me for a brief remark?

Mr. FULBRIGHT. I yield.

Mr. ALLOTT. I remember back in 1933, 1934, and 1935, when the savings and loan institutions of this country were a shambles. I think it is no understatement at all to say that they are no longer a shambles because of the creation of the Federal Home Loan Bank Board.

Contrary to what the Senator from North Carolina has just said, I do not consider that this proposal would give to the States what they want. I have had no letters from the States asking me to provide such facilities. On the contrary, I consider that to take such action would be to relinquish a part of the authority of the Home Loan Bank Board to control these organizations; and that authority is what has kept them strong and made them one of the most vital forces in home ownership in this country.

I myself have grave doubts about the proposal. I hope the amendment will not be pressed.

Mr. ROBERTSON. Madam President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. ROBERTSON. The bill was introduced late in August last year.

As I recall it, the chairman never requested a statement on it, because he hoped that Congress would adjourn and that we would go to the conventions. As I remember, we did not even make such a request last year.

Mr. FULBRIGHT. The Senator from Colorado said he has not received any letters on this subject. I offered for the RECORD a number of letters on the subject which have come from various parts of the country. One of them is from the Northeastern Conference of Development Corporations by its secretary, which endorses the bill.

Mr. ANDERSON. That is not the Home Loan Bank Board?

Mr. FULBRIGHT. No; these letters are from banks and the people who represent local development credit corporations in the States.

In my State, the First Arkansas Development Corporation is most desirous to have the authority provided by the amendment. It has already been stated by the Senator from North Carolina that 22 States have requested this authority. The bill will apply only where the State savings and loan associations have this authority; it does not apply generally.

Mr. ERVIN. It cannot apply to Colorado, because Colorado has no law which permits it.

Mr. FULBRIGHT. It would not bother Colorado in the least. It is in no way prejudicial to Colorado. It would apply only in States where the State savings and loan associations are engaged in the same practice.

Mr. ERVIN. Subject to limitations in amount.

Mr. FULBRIGHT. Subject to limitations in amount. The Senator has already stated that the bill is not mandatory. No one has said that the savings and loan associations are required to exercise the authority, but the amendment allows them to do so.

On the surface, I cannot understand why the Senator from Colorado objects to the proposal purely on procedural grounds.

I requested from the State Department, as long ago as the first of February, a report on pending passport bills. I have not yet received a reply. We all know there is a new administration in office. The Senator from New Mexico is aware of that. The Senator from Virginia has said that the Bureau of the Budget is behind in its work. I see no reason why an amendment as simple as this should be objected to. Is the objection made on the merits of the amendment or on procedural grounds?

Mr. ANDERSON. Madam President, if the proposal is so simple, why cannot the committee handle it? Is it impossible for the Committee on Banking and Currency to handle it?

Mr. FULBRIGHT. I shall have to leave the answer to that question to the chairman of the committee.

Mr. ANDERSON. He said he did not ask for a report last year. He has not received an answer to date this year.

Mr. ROBERTSON. The committee can handle it, but not so quickly as it can be done by the Senate today.

Mr. FULBRIGHT. Is the Senator from New Mexico objecting on the merits or as a matter of procedure?

Mr. ANDERSON. I have an objection on the merits.

Mr. FULBRIGHT. What is the objection?

Mr. ANDERSON. Some of us went through the problems of the home building and loan association previously. I was very much interested in the efforts toward refinancing when we went through the financial difficulties of the 1930's. Congress passed the Home Owners Loan Act in 1933. We tried to have it administered properly. Some of the difficulties which had arisen and it sought to cure were brought about by bad management. I do not want to see the present situation drift into bad management. If we now provide that the Federal building and loan associations shall get into the business of making business loans, we change the whole function of the organization, and we ought not to do that.

The PRESIDING OFFICER. The time of the Senator from Arkansas has expired.

Mr. FULBRIGHT. Madam President, I yield myself 5 additional minutes.

The Home Owners Loan Corporation will not make loans. The Federal savings and loan organizations, if they wish, and they do not have to, will be enabled to participate in lending to the development loan corporations.

I have had a report from the corporation in my State that there has been extremely good participation by the local banks and by the State organizations. The Federal organizations, of course, have great prestige, and they have acquired a large part of the available home loan business. All we would be doing would be to enable them to participate in this program in a limited amount.

Mr. ANDERSON. The Senator from Arkansas says the banks enjoy this busi-

ness. The business of a bank is to make business loans.

Mr. FULBRIGHT. These loans are made to the development loan corporations.

Mr. ANDERSON. I understand, but the Senator says that banks like this type of business. They do. But the Senator proposes to have savings and loan associations, which are primarily supposed to deal with home ownership, get into the banking business. That is wrong.

Mr. FULBRIGHT. To the extent of one-half of 1 percent, which is not a very great change. In Arkansas, 138 banks made commitments to lend \$1,500,000 to the First Arkansas. The amount is based, in their case, upon 2½ percent of the banks capital and surplus. As in all underdeveloped States, capital is very scarce in Arkansas.

Insurance companies also participate. Insurance companies traditionally make, primarily, long-term real estate loans, but the States also would like and need the prestige of the Federal savings and loan associations.

Mr. ERVIN. Madam President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. ERVIN. Will the Senator from Arkansas state if the amendment has three limitations upon it?

Mr. FULBRIGHT. Yes.

Mr. ERVIN. First, it applies only in States where the State savings and loan associations have this power.

Second, loans cannot be made, even in those States, unless the associations have reserves, surplus, and undivided profits equal to 5 percent of all their withdrawable accounts.

Mr. FULBRIGHT. That is correct.

Mr. ERVIN. In other words, before a loan can be made, the assets must be 105 percent of the withdrawable accounts.

Mr. FULBRIGHT. That is correct.

Mr. ERVIN. In the third place, they cannot lend more than an amount equal to one-half of 1 percent of all their outstanding loans, or \$250,000, whichever is the smaller sum.

Mr. FULBRIGHT. That is correct.

Mr. ERVIN. Is not the bill applicable only to the States, where State savings and loan associations have authority to make loans to the development corporations?

Mr. FULBRIGHT. It would apply only in those States.

Mr. ERVIN. I have been asked by the State authorities of North Carolina to back the amendment. After all, the Constitution of the United States provides that all the legislative power of the Federal Government is vested in Congress, and not in the Federal Home Loan Bank Board, does it not?

Mr. BUSH. Madam President, will the Senator from Arkansas yield for a question?

Mr. FULBRIGHT. I yield.

Mr. BUSH. How would the Senator define a "business development credit corporation," as referred to in the amendment on page 2, in line 2?

Mr. FULBRIGHT. The Senator will recall—for he took a great part in the

legislation which created the authority for Federal assistance to these corporations—that many such corporations are now in operation. There is one in my State. Its purpose is to obtain funds from private and public sources for the financing of small businesses. As the Senator will recall, the SBA can loan an amount up to what the credit corporation borrows from other sources. Local banks, insurance companies, and others lend money to these development corporations. They do not lend directly to the ultimate borrower. This is a program designed to furnish capital on longer terms as compared to ordinary bank loans, for the development of small businesses.

The PRESIDING OFFICER. The 10 minutes the Senator from Arkansas has allocated to himself have expired.

Mr. FULBRIGHT. Madam President, I yield myself an additional 5 minutes.

The PRESIDING OFFICER. The Senator from Arkansas is recognized for an additional 5 minutes.

Mr. BUSH. Will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. BUSH. I think I understand the situation, but I wish the record to show the purpose of the amendment. I recall our discussions of a few years ago about the purpose of these development corporations; but I want the RECORD to show the purpose in this instance. I think the Senator has explained it well enough. Is it not true that the purpose of a development corporation, as mentioned in this measure, is to develop industry or attract industry to a particular area or State?

Mr. FULBRIGHT. Yes, or to help existing business, by making available longer term loans than those available from banks, under their restrictions, particularly in the case of small firms which cannot readily obtain financing through the usual channels.

Mr. BUSH. Yes.

Mr. FULBRIGHT. These loans are usually in relatively small amounts; they are not very large. The total resources of the First Arkansas Development Finance Corporation are about \$2,500,000 at the present time, I believe.

Mr. BUSH. So really the departure in this instance, for the Federal savings and loan associations, is that this measure would authorize them to make unsecured loans.

Mr. FULBRIGHT. They will be secured in the same way that other loans of the Development Loan Corporation are secured.

Mr. BUSH. I understand. But there will not be a mortgage or other security; it will be just a debenture.

Mr. FULBRIGHT. The security will depend on the program of the individual development corporation.

Mr. BUSH. I should like to say that the Senator from Indiana is necessarily absent at the moment; and he has authorized me to say, on his behalf, as the ranking minority member of the committee, that he will support this amendment. And I shall support it, also.

Mr. ERVIN. Madam President, if the Senator will yield to me, let me say that

we have had one of these state development corporations, in North Carolina, for approximately 5 years. It has been a wonderful help to small industrial enterprises. The money is loaned, in North Carolina, on the basis of mortgages or deeds of trust.

Mr. FULBRIGHT. That is to say, loaned to the borrowers. But the mortgages do usually not run to the banks or other organizations which contribute to the development corporation.

Mr. ERVIN. Yes.

Mr. FULBRIGHT. I understand that is the question the Senator from Connecticut was asking.

Mr. ERVIN. Yes. In other words, the mortgage runs to the development corporation, not to the savings and loan association.

Mr. FULBRIGHT. That is correct.

Madam President, I ask unanimous consent to have printed at this point in the RECORD a list of the States which have laws which permit their State savings and loan associations to participate. This list was prepared as of the beginning of this year and does not include Indiana which has since passed a law on this point.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

STATE LAWS ON INVESTMENT BY SAVINGS AND LOAN ASSOCIATIONS IN BUSINESS DEVELOPMENT CREDIT CORPORATIONS

Many State laws have authorized State-chartered savings and loan associations to invest in State-chartered business development credit corporations. Summaries of these provisions are set forth in this memorandum, including particularly references to the limits imposed on the amounts of such investments. The memorandum covers all the State statutes on the subject included in the committee print, "Development Corporations and Authorities," dated December 2, 1959, and in recent issues of the Legal Bulletin of the U.S. Savings & Loan League. The list is believed to be complete; however, a complete analysis of all State statutes has not been made. In addition, in a few cases it is believed that the State statute might be interpreted as authorizing such investments, but not sufficiently clearly to warrant inclusion in this list.

Hawaii: Act 288, regular session laws 1957, approved June 5, 1957, authorizes building and loan associations to become members of business development corporations created under that act and to make loans to them. The law imposes a limit on such loans by an association of 1 percent of the association's total outstanding loans. (Development Corporations and Authorities, p. 188.)

Kentucky: Senate bill 155, laws 1960, approved March 21, 1960, authorizes building and loan associations to become members of business development corporations created under that act and to make loans to them. The law imposes a limit on such loans by associations of 1 percent of the association's total outstanding loans, with a further proviso that a business development corporation may, in its articles of incorporation, reduce the loan limits of building and loan association members to one-half of 1 percent of total outstanding loans. (See U.S.S. & L. Bulletin, July 1960, p. 174.)

Maine: Chapter 104, laws 1949, effective August 6, 1949, created the Development Credit Corp. of Maine, and authorized loan and building associations to become members of it and to make loans to it. The law imposes a ceiling on such loans by associations of 2½ percent of the association's

guarantee funds. (Development Corporations and Authorities, p. 199.)

Maryland: Chapter 822, laws 1959, approved May 5, 1959, created the Development Credit Corp. of Maryland and authorized savings and loan associations to become members of it and to make loans to it. The law imposes a limit on such loans by a savings and loan association of 2 percent of the association's guarantee funds, subject to a further overall limit on loans by any member of \$250,000. (Development Corporations and Authorities, p. 215; U.S.S. & L. Bulletin, July 1959, p. 169.)

Massachusetts: Chapter 671, acts and resolves, 1953, approved July 3, 1953, created the Massachusetts Business Development Corp. and authorized cooperative banks and savings and loan associations to become members of it and to make loans to it. The law imposes a limit on such loans by a cooperative bank or savings and loan association of 1 percent of the guarantee fund and surplus of the association or cooperative bank (Development Cooperations and Authorities, p. 222).

Minnesota: Chapter 896, session laws, 1957, approved April 29, 1957, authorizes savings and loan associations to become members of development corporations created under that act and to make loans to them. The law imposes a limit on such loans by a savings and loan association of 2½ percent of the association's guarantee funds, surplus and undivided profits (Development Corporations and Authorities, p. 245).

Mississippi: Senate bill 1600, laws, 1960, approved March 23, 1960, authorizes building and loan associations to become members of business development corporations created under that act and to make loans to them. The law imposes a limit on such loans by a building and loan association of 2 percent of the association's outstanding loans. (See U.S.S. & L. Bulletin, May 1960, p. 116.)

New Hampshire: Chapter 328, laws 1951, approved July 10, 1951, created the New Hampshire Business Development Corp. and authorized building and loan associations and cooperative banks to become members of it and make loans to it. The law imposes a limit on such loans by a building and loan association or a cooperative bank of 2½ percent of the guarantee funds of the association or cooperative bank. (Development Corporations and Authorities, p. 248.)

New Jersey: Chapter 218, laws 1957, approved January 6, 1958, appears to authorize savings and loan associations to become members of business development corporations created under the act and to make loans to it. The law imposes a limit on such loans of 2 percent of each member's capital and surplus, or \$100,000, whichever is lesser. (Development Corporations and Authorities, p. 266.)

New York: Chapter 863, laws 1955, effective April 29, 1955, created the New York Business Development Corp. and authorized savings and loan associations to become members of it and to make loans to it. The law imposes a limit on such loans by a savings and loan association of 2 percent of the association's guarantee funds, subject to a further overall limit on loans by any member of \$250,000. (Development Corporations and Authorities, p. 282.) Chapter 595, laws 1959, approved April 20, 1959, adds a proviso that in the case of a member having capital and surplus in excess of \$12,500,000, the overall ceiling is \$500,000 instead of \$250,000. (U.S.S. & L. Bulletin, July 1959, p. 177.)

North Carolina: Chapter 1146, 1955 session laws, ratified May 20, 1955, authorizes building and loan associations to become members of business development corporations created under the act and to make loans to them. The law originally imposed a limit on such loans by a building and loan association of 1 percent of the asso-

ciation's total outstanding loans which was later reduced to one-half of 1 percent (Development Corporations and Authorities, p. 310).

North Dakota: Chapter 109, laws 1959, approved March 17, 1959, authorizes savings and loan associations to become members of small business investment corporations created under the act and to make loans to them. The law imposes a limit on such loans by savings and loan associations of 2½ percent of the association's guaranty funds, surplus and undivided profits (Development Corporations and Authorities, p. 328).

Oregon: Chapter 660, laws 1959, approved May 27, 1959, authorizes savings and loan associations to become members of development credit corporations created under that act and to make loans to them. The law imposes a limit on such loans by a savings and loan association of 3 percent of the association's capital and surplus (Development Corporations and Authorities, p. 344; U.S.S. & L. Bulletin, July 1959, p. 180).

Pennsylvania: Senate bill 1093, laws 1959, approved December 1, 1959, authorizes building and loan associations to become members of business development corporations created under that act and to make loans to them. The law imposes a limit on such loans by a building and loan association of 2 percent of the association's undivided profits and general reserve funds, subject to a further overall limit on loans by financial institutions of \$550,000. Senate bill 1096, laws 1959, approved December 1, 1959, amends the Pennsylvania Building & Loan Code to authorize building and loan associations to invest in shares of any State or regional business development credit corporation created under Pennsylvania law (Development Corporations and Authorities, p. 364; U.S.S. & L. Bulletin, January 1960, p. 48).

Rhode Island: Chapter 3045, Public Laws 1953-54, approved February 11, 1953, created the Rhode Island Development Co. and authorized building and loan associations and cooperative banks to become members of it and make loans to it. The law imposes a limit on such loans by building and loan associations and cooperative banks of 2½ percent of the guaranty funds, surplus and undivided profits of the association or cooperative bank (Development Corporations and Authorities, p. 387).

South Carolina: Act 983, laws 1960, approved May 24, 1960, authorizes savings and loan associations to become members of county business development corporations created under that act and to make loans to them. The law imposes a limit on such loans by a savings and loan association of 1 percent of the association's total outstanding loans (see U.S.S. & L. Bulletin, September 1960, p. 229).

South Dakota: Chapter 314, session laws 1957, approved March 6, 1957, authorizes savings and loan associations to become nonstockholder members of business development credit corporations created under that act and to make loans to them. The law provides that the articles of incorporation of the business development credit corporation shall determine what lines of credit are to be established by nonstockholder members (Development Corporations and Authorities, p. 146).

Tennessee: Chapter 170, laws 1959, approved March 19, 1959, authorizes savings and loan associations to become members of development credit corporations created under that act and to make loans to them. The law imposes a limit on such loans by a building and loan association of 1 percent of the total outstanding loans of the association, with a proviso that a development credit corporation may, in its articles of incorporation, reduce the loan limit of building and loan associations to one-half of 1

percent of total outstanding loans (Development Corporations and Authorities, p. 424; U.S.S. & L. Bulletin, July 1959, p. 182).

Virginia: Chapter 80, session laws 1960, approved February 24, 1960 (Virginia Code, sections 13.1-140 to 13.1-156), authorizes savings and loan associations to become members of industrial corporations created under that act, and to make loans to them. The law imposes a limit on such loans by savings and loan associations of 1 percent of the association's total outstanding loans.

Washington: Chapter 213, laws 1959, approved March 20, 1959, authorizes savings and loan associations to become members of development credit corporations created under that act and to make loans to them. The law imposes a limit on such loans by savings and loan associations of 3 percent of the association's guarantee and reserve funds (Development Corporations and Authorities, p. 442).

West Virginia: Chapter 25, laws 1959, passed March 10, 1959, authorizes building and loan associations to become members of business development corporations created under the act and to make loans to them. The law imposes a limit on such loans by a building and loan association of 1 percent of the association's total outstanding loans (Development Corporations and Authorities, p. 444).

Wisconsin: Chapter 656, laws 1955, approved November 18, 1955, authorizes savings and loan associations to become nonstockholder members of business development credit corporations created under the act and to make loans to them. The act provides that the articles of incorporation of a business development credit corporation shall determine lines of credit for nonstockholder members (Development Corporations and Authorities, p. 450).

Mr. FULBRIGHT. Madam President, I reserve the remainder of the time available to me.

Mr. ALLOTT. Madam President—

Mr. BUSH. Madam President, in the absence of the minority leader, I control the time available to those who oppose the amendment. I am glad to yield from that time to the Senator from Colorado.

Mr. ALLOTT. I thank the Senator from Connecticut.

The PRESIDING OFFICER. It is the understanding of the Chair that the Senator from Alabama has control of this time.

Mr. SPARKMAN. Madam President, under the agreement I would have control of the time only if I were in opposition to the amendment. But I am not in opposition to it.

Mr. BUSH. Madam President, in the absence of the minority leader, I have control of this time; and I yield 5 minutes to the Senator from Colorado.

Mr. ALLOTT. I thank the Senator from Connecticut.

Madam President, I cannot in conscience remain silent at this time.

I speak in opposition to the amendment, first, on the ground that the amendment has not been reported on favorably by the Home Loan Bank Board or by the Bureau of the Budget. However, it would be a simple matter for either group to take 5 minutes to write a letter reporting favorably on the amendment.

Second, I believe the Senate has gone overboard too many times in the consideration of proposals brought up more or less out of the blue sky here on the

floor, and not considered and discussed in committee. No committee hearings have been held on this amendment. In the reports I can find nothing to give me any indication of whether this amendment should or should not be adopted. It is said that 23 States have such laws. But 23 States are less than half the total number of States in the Union.

The third reason why I am opposed to this proposal is that the development loan corporations which we authorized—and I think that was a very good authorization, and the corporations have been utilized to some extent, but not sufficiently, in my own State—are organizations of a local type. These development loan corporations are for the purpose of developing new enterprises that are necessarily speculative, hazardous.

Now it is proposed that we authorize Federal savings and loan associations to invest their funds—even though certain reserves are required—in what we know are often speculative and hazardous enterprises. Certainly we hope they will turn out well. But the reason we authorized these development loan corporations was because there was insufficient venture money in the United States to produce new businesses and to get them going. So we authorized them by statute.

Now it is proposed, by means of this amendment, that we authorize our savings and loan associations to invest in these somewhat speculative, somewhat hazardous ventures or loans. Certainly they are not the type of loan that is contemplated in lending money on a real estate investment—in a home.

Fourth, and last, I think there is a very good reason—and any one of these reasons would cause me to vote against this amendment—for voting against the pending amendment, namely, that, as I stated a few minutes ago, I well remember the chaotic situation which existed in the period in 1933, 1934, and 1935. The Senator from New Mexico alluded to that situation.

I saw many instances of the most unfortunate business practices, which were disclosed at the time of the wrecking of many of our savings and loan institutions. Then the Federal savings and loan associations were authorized, under the Federal Home Loan Bank Board. They brought order out of that chaos. A corporation was established for the insurance of those loans. That brought regulation to the entire situation, to such an extent that today there are very few prominent savings and loan organizations in the United States which have not qualified under the Federal system of insurance, even though they be privately owned.

With that experience and in view of the great good that I know these associations have done—because I know that thousands of people could never have owned their homes if there had not been created a sound Federal savings and loan system in our country—I am unwilling to have this much authority yielded from the Federal Home Loan Bank Board, so as to permit our local associations to

invest in what are necessarily venture-some and hazardous projects for them.

Mr. ROBERTSON. Madam President, will the Senator yield?

Mr. ALLOTT. I am very happy to yield.

Mr. ROBERTSON. Is it not true that the Senator from Colorado united with the Senator from Virginia in voting against the Douglas area redevelopment bill?

Mr. ALLOTT. That is true.

Mr. ROBERTSON. Is it not true that the Senator from Colorado agrees with the views also expressed by the Senator from Virginia that the 10th amendment meant what it said and that we should protect the rights of the States?

Mr. ALLOTT. I agree with the Senator.

Mr. ROBERTSON. Then the Senator from Virginia wants to point out that this is an alternative for private industry to do what was proposed to be done under the area redevelopment bill. First, it is going to be redevelopment with private funds under the American system of private enterprise. Second, the States cannot give to federally chartered savings and loan associations the privileges that have been granted to them by the Congress. Under the principle that we should cooperate with the States where we have assumed jurisdiction, this proposal merely states that in those areas where State savings and loan associations can contribute to the development associations, the Federal savings and loan associations can do the same thing, but not more than to the extent of one-half of 1 percent of their loans or \$250,000, whichever is lesser. This could in no sense imperil loans for houses, which is the big field of the savings and loan associations.

Mr. ALLOTT. First, the Senator's statement contemplates that he has me on the horn of the States rights dilemma. Not at all, because Federal savings and loan associations are chartered by the Federal Government. Their right to do business does not derive from the States. It derives directly from the Federal Government. Second, I believe that no one who invests in a savings and loan association believes that his money is ever going to be invested in ventures or hazardous projects or developments of any kind.

Mr. ERVIN. Madam President, will the Senator yield for a question?

Mr. ALLOTT. May I finish answering one question first? Then I shall yield to the Senator.

I would hesitate, as an officer of a Federal savings and loan association, to venture the capital that my friends, my neighbors, my business associates, people I know, have invested in that association. I would hesitate to so use their money, which they thought was going to be invested in first mortgage loans on homes in the particular area in which that association operates. I would not think of putting that money in a venture project such as a development loan project.

I yield.

Mr. ERVIN. If a Federal savings and loan association lost every penny of the

loan it made to the development corporation, it would still have 104½ percent of the assets their investors paid into it.

Mr. ANDERSON. Madam President, will the Senator yield?

Mr. ALLOTT. I yield.

Mr. ANDERSON. I hope I see things differently than that. It says one-half of 1 percent of the total amount of the loans, not of their reserves, capital and surpluses. They could jeopardize one-fourth of their capital.

Mr. FULBRIGHT. There is also a limit of \$250,000, whichever is the lesser.

Mr. ANDERSON. I do not care which figure is used. The Senator has said it does not mean anything. This could mean a great deal.

Mr. ERVIN. A Federal savings and loan association could not loan anything unless it had 5 percent in reserves, undivided profits, or surplus, which means 105 percent of the original investments of its shareholders. If it loaned out all of the 105 percent, it could only loan one-half of 1 percent of the 105 percent to a development credit corporation.

Mr. ANDERSON. No; that is not what the measure says. It says one-half of 1 percent of the amount of their loans.

Mr. FULBRIGHT. There is a further limitation of \$250,000; whichever of the two is the lesser. It is a mighty small amount to loan.

Mr. ERVIN. Madam President, if the Senator will yield, in order to loan any money under the amendment, the Federal savings and loan association has to have a 5 percent surplus, which, added to the investment, would amount to 105 percent, and they could loan only one-half of 1 percent of that. It could not loan more than one-half of 1 percent of what it has.

Mr. ANDERSON. Madam President, will the Senator yield?

Mr. ALLOTT. I yield.

Mr. ANDERSON. Most of us read the English language. It says "undivided profits, reserves, and surplus." That is the 105 percent. It does not have anything to do with loans. These can be 40 times the amount of the undivided profits, reserves, and surplus. They can loan one-half of 1 percent of the larger sum, not of the 105 percent.

This may be a good proposal, but, if it is, it should not be misrepresented. It is not one-half of the 105 percent that can be loaned. It is one-half of 1 percent of the loans. There are countless building and loan associations that have a million dollars and more, and they can make very substantial loans under this proposal.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. ALLOTT. May I have 1 additional minute?

Mr. BUSH. I yield 1 additional minute to the Senator from Colorado.

Mr. ALLOTT. I think the Senator from New Mexico has brought out a point which is correct in all of its implications. I say again we have not had a report on this proposal. We have not had hearings on it. We have no documentation on the proposal except letters in support of it. I do not think a Fed-

eral savings and loan association should be permitted to invest in this kind of hazard. I say, last of all, it is a breach of the trust of the people who invest in savings and loan associations if we permit the associations to invest the funds in this potentially hazardous fashion.

The PRESIDING OFFICER. Does the Senator yield back the remainder of his time?

Mr. ALLOTT. I yield back the remainder of my time.

Mr. BUSH. I yield back the remainder of my time.

Mr. ERVIN. Madam President, my understanding is that the money savings accounts in all Federal savings and loan associations are insured by the Federal Savings and Loan Insurance Corporation up to \$10,000 per account.

Mr. ANDERSON. Madam President, will the Senator yield me 2 or 3 minutes?

Mr. BUSH. Yes.

Mr. ANDERSON. I am not going to argue the point when the Senator says the money is insured by the Federal Savings and Loan Insurance Corporation. The reason why it is insured by the Federal Savings and Loan Insurance Corporation is that they are not making speculative loans. They are not gambling. When the character of a building and loan association is changed into something that can take speculative gambles, the whole concept of the organization is changed, because there are people who might have to bail building and loan associations out of their bad building projects. There are people here who know what happened to building and loan associations in the past.

I wish this proposal had been brought before the Banking and Currency Committee and people had testified on it. I wish we could have heard from the people who guarantee these loans and heard what they had to say about it. Certain Senators might change their tune on it. This is not a proper measure to be considering on the floor. It should be brought before the committee and we should have an opportunity to get reports on it from people who work in this field. Here is a bill which came up in February. A report has not been made on it by the Budget Bureau. I do not have much money in building and loan associations, but many of us remember the wringer these associations went through in the thirties. I did participate as a relief administrator for people who lost their money in savings and loan institutions when the ones in their hometown went broke. I do not want to see that happen again. That is my sole consideration.

Mr. FULBRIGHT. Madam President, how much time do I have left?

The PRESIDING OFFICER. The Senator from Arkansas has 5 minutes. The minority has 12 minutes.

Mr. FULBRIGHT. Madam President, I do not wish to delay the proceedings any longer. In reply to the Senator from New Mexico, I am sure that the Senator from New Mexico, as is true of all other Senators, has offered many amendments on the floor which have never been considered by a committee.

Any Member of the Senate is free to offer an amendment at any time on any bill. To make a big issue out of the fact that such a simple proposal, which does not require hearings to understand its implications, was not subject to hearings before the committee seems to me to be entirely without merit.

With respect to the charge that this type of investment by a Federal savings and loan association is highly risky, I point out that already the banks of these States where these corporations have been formed, are permitted to invest in these development corporations, and these banks are subjected to strict regulation by State and Federal agencies. Any implication that this is some highly speculative, fly-by-night business is completely in error. I do not think the Senator from New Mexico should try to leave the impression that this type of investment is any more speculative than any other kind of new development.

The experience of lending institutions in this type of program has been extremely good. In fact, it has been excellent in my State. I know that the Northeastern part of the Nation has also had good results from their programs.

There was testimony before the Senate committee about the experience of the corporations which were formed in the Northeast when the committee considered the legislation which led to SBA participation in this field.

This proposal is an effort to make a small additional amount of money available for loans to small businesses. The loans are uniformly small. They do not run into millions of dollars. They will not be used to finance great oil companies or other big corporations. I can understand that such a program means nothing to those companies.

To say that this is more speculative than any other kind of local investment is entirely incorrect. The insurance companies, which are under severe restrictions and regulations as to what they can do, are investing in limited amounts, in the same development corporations in many States. The same is true with respect to banks.

The banks are also subject to strict regulation, and 138 banks in Arkansas have already invested small amounts in the First Arkansas Development Finance Corp. The total commitments from these banks are about \$1½ million. This is a community affair and these are prudent investments.

I do not understand why the Senator is so concerned about the proposal. There is a limitation of \$250,000 on the amount which any one of the associations could lend to a development corporation. As the Senator said so well, the only purpose is to try to help individual companies make a go of it on their own, instead of coming to the Federal Government for a handout. Every time we try to do something like this, the old "bugaboo" is raised about the operation being very speculative and very dangerous, and it is said it would endanger the solvency of savings and loan associations. That is nonsense. Federal savings and loan associations

cannot make these loans until they have met the stated requirements, and then only if they are permitted by State law to do so.

As the Senator said, even if these turned out to be bad investments it would not jeopardize the solvency of the company, in view of the limitations contained in the amendment. I do not wish to leave the impression that I think these would be bad investments, for I know they would not be. Experience with this type of credit program has been very good.

That is all I have to say on this amendment.

Mr. ERVIN. Madam President, will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator from North Carolina.

Mr. ERVIN. The North Carolina Business Development Corporation has 1,860 stockholders. Among those stockholders are 92 commercial banks and 13 life insurance companies. The development corporation takes first deeds of trust on the property of the small businesses which obtain loans.

Mr. FULBRIGHT. Yes.

Mr. ERVIN. Such a loan is about as giltedged as a loan could be in any kind of investment.

Mr. FULBRIGHT. All this is a device to try to bring together in a pool the capital needed to fill this special gap in the credit field. Long hearings were held before the Committee on Banking and Currency when I was chairman of the committee, in regard to the gap in credit between what is available, let us say, to a very small grocery store and the credit available to a medium-sized store. Representatives of the Federal Reserve Board came before the committee and testified. The problem was studied for 2 years, and legislation authorizing small business investment companies and assistance to these development companies resulted. Now all we are trying to do is to give the development companies a better opportunity to function properly.

I yield back the remainder of my time.

Mr. ALLOTT. Madam President, I ask for the yeas and nays on the amendment.

The yeas and nays were not ordered.

Mr. ALLOTT. Madam President, I suggest the absence of a quorum.

Mr. MANSFIELD. Madam President, will the Senator withhold his suggestion?

Mr. ALLOTT. I withhold the suggestion.

Mr. FULBRIGHT. Madam President, I yield back the remainder of my time.

Mr. BUSH. Madam President, have the yeas and nays been ordered?

The PRESIDING OFFICER. There was not a sufficient second.

Mr. BUSH. Madam President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arkansas [Mr. FULBRIGHT].

The amendment was agreed to.

Mr. ROBERTSON. Madam President, I call up my amendment "6-2-61-B" and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 89, after line 14, it is proposed to insert the following:

SEC. 708. Section 814 of the Housing Act of 1954, as amended, is amended to read as follows:

"RECORDS

"Sec. 814. Every contract between the Housing and Home Finance Agency (or any official or constituent thereof) and any person or local body (including any corporation or public or private agency or body) for a loan, advance, grant, or contribution under the United States Housing Act of 1937, as amended, the Housing Act of 1949, as amended, or any other Act shall provide that such person or local body shall keep such records as the Housing and Home Finance Agency (or such official or constituent thereof) shall from time to time prescribe, including records which permit a speedy and effective audit and will fully disclose the amount and the disposition by such person or local body of the proceeds of the loan, advance, grant, or contribution, or any supplement thereto, the capital cost of any construction project for which any such loan, advance, grant, or contribution is made, and the amount of any private or other non-Federal funds used or grants-in-aid made for or in connection with any such project. No mortgage covering new or rehabilitated multifamily housing (as defined in section 227 of the National Housing Act, as amended) shall be insured unless the mortgagor certifies that he will keep such records as are prescribed by the Federal Housing Commissioner at the time of the certification and that they will be kept in such form as to permit a speedy and effective audit. The Housing and Home Finance Agency or any official or constituent agency thereof and the Comptroller General of the United States shall have access to and the right to examine and audit such records. This section shall become effective on the first day after the first full calendar month following the date of approval of the Housing Act of 1961."

Mr. ROBERTSON. Madam President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Virginia is recognized for 5 minutes.

Mr. ROBERTSON. I do not think this will be a controversial amendment. I hope not.

Mr. SPARKMAN. Madam President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. SPARKMAN. I am perfectly willing to accept the amendment. The Senator from Indiana [Mr. CAPEHART] told me he was willing to do so, also. I believe the Senator from Connecticut [Mr. BUSH] is familiar with the situation.

Mr. BUSH. Madam President, that is correct. The Senator from Indiana [Mr. CAPEHART], who is necessarily absent, authorized me to say that he favors agreeing to the amendment. I do, also.

Mr. SPARKMAN. The amendment provides for orderly keeping of records and for making them available to proper officials.

Mr. ROBERTSON. Exactly so. I shall say no more. As a young lawyer, I learned not to argue further when the court agreed with me.

The PRESIDING OFFICER. Do Senators yield back their remaining time?

Mr. ROBERTSON. I yield back all my time.

Mr. BUSH. I yield back the time in opposition.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Virginia [Mr. ROBERTSON].

The amendment was agreed to.

Mr. SMATHERS. Madam President, I offer an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 77 it is proposed to strike out lines 12 through 15, and to insert in lieu thereof the following:

(1) Section 231(c)(2) of such Act is amended to read as follows:

"(2) not exceed, for such part of such property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$2,250 per room (or \$9,000 per family unit if the number of rooms in such property or project is less than four per family unit): *Provided*, That as to projects to consist of elevator type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,750 per room and the dollar amount limitation of \$9,000 per family unit to not to exceed \$9,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,250 per room, without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require;"

Mr. SMATHERS. Madam President, I have discussed the amendment with the chairman of the committee and the ranking minority member of the committee, the senior Senator from Indiana, and both favor this particular amendment.

The Federal housing authorities downtown do not oppose the amendment. The administration does not oppose the amendment. The House Committee on Banking and Currency has already approved the amendment, and it is at present in the House bill.

In essence, the amendment would provide a liberalization of section 231, which is the section of the bill which calls for the building of housing for the elderly. It would make it possible for private interests which might be interested in building housing for the elderly to build more than a mere efficiency apartment. Surveys have shown that a number of elderly people, while not having much money, nevertheless would like to have more than an efficiency apartment. They would like to have an apartment with one bedroom and a separate living room, or possibly even two bedrooms. The purpose of the amendment is to allow the FHA Commissioner, in his discretion, to examine an application and determine whether or not a guarantee will be given on this type of housing for the elderly, covering both efficiency apartments and some one- and two-bedroom apartments,

which, under present law, cannot be built.

Mr. BUSH. Madam President, as I have said, the Senator from Indiana [Mr. CAPEHART] is necessarily absent. However, he has authorized me to say that he favors the acceptance of the amendment, and I do so also.

Mr. SPARKMAN. Madam President, the Senator from Florida discussed the amendment with me. I believe it is a good proposal and I am willing to accept it. I yield back the remainder of my time.

Mr. SMATHERS. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida [Mr. SMATHERS].

The amendment was agreed to.

Mr. SMATHERS. Madam President, since 1957 Congress has been encouraging the sponsoring of housing for the elderly, first under section 207 of the Housing Act, later under section 231, providing mortgage insurance under the administration of FHA. That the program would take a little time to get underway is understandable, but I have been perplexed that Florida should have enjoyed so little benefit from the program even though I have known of many groups proposing projects for location in my State, which has such great concentration and annual increase of elderly population. Until a year ago or thereabouts Florida had won but one application under the program, Douglas Gardens at Miami. Many groups proposing use of the program have been in evidence, but one by one they have faded away. At times I was inclined, from reports reaching me, to criticize FHA and its three underwriting offices in Florida for seeming failure to cooperate with, promote and encourage prospective sponsors who have wanted to use section 231 in the providing of housing for the elderly. Too often well-intentioned groups have been discouraged when approaching FHA with proposals, even groups with substantial backing in their own right and the additional backing of mortgage insurance firms and banks.

During the past year, and much more recently, evidence has come to my office of increasing interest in the section 231 program on the part of those who would sponsor projects and were prepared to meet the FHA requirements attending the 5¼ percent mortgage insurance availability. Two or three more projects have been received by FHA Florida offices in the past year, but I am constantly receiving requests for assistance in getting other proposed projects approved by FHA.

Turning to the hearings attending the pending housing bill we have sought for information that would be revealing of the general story of failure of the section 231 program. But little or no information can we find there. On the subject of housing for the elderly all the emphasis seems to be on the direct loan program for which we last summer appropriated \$20 million of a \$50 million authorization, presumably for the purpose of piloting housing for low-income groups. For that program a \$100 mil-

lion authorization is now sought in the pending bill.

This emphasis on the degree of subsidy resting in direct loaning at 3½ percent to attain housing for the elderly would seem to mean that the section 231 program had failed, was not being used. However the continuing interest in the program evidenced in my office caused my staff to make some inquiries of FHA authorities concerning the use made of the section 231 program throughout the country. The findings are startling and leave me with a feeling that our slowness in getting housing in Florida must be traceable in very substantial measure to the weakness of the FHA offices in my State. Other States have enjoyed much more substantial benefit from the program.

In the 4 years of availability of the mortgage insurance help to win housing for the elderly under sections 207 and 231, as of April 30, 1961, \$144 million of mortgage insurance is involved in projects completed, under construction and justified to the extent of being accepted applications in process at the present time. According to the publication by the Division of Statistics and Research of the FHA, this total is representative of 114 separate projects containing over 14,000 dwelling units.

When I find Arizona with 10 of these projects, California with 15, Colorado with 7, Iowa with 4, Michigan with 4, Oregon with 7, Texas with 9, Washington with 4, and Wisconsin with 9, there need be no wonderment that I bemoan the fact that my State, Florida, with its great and growing population of elderly, should have but 4 of this total of 114 housing projects for the elderly.

Learning that over half of these projects were born since the beginning of the year 1960, and recalling that through the same period of time we had encountered so many Florida interests wanting to sponsor these section 231 projects for the accommodation of the elderly, I am left wondering why we are placing all present emphasis on the direct loan program and failing to recognize the program that has picked up such great acceptance in the last year.

One of the four sponsors of Florida 231 projects, one in the course of construction, now inquires of my office to know whether they can renegotiate their financing from mortgage insurance at 5¾ percent and have the benefit of the 3½ percent direct loan program about which so much is being written and talked. The writer says such a renegotiation would mean a saving of as much as \$20 per month in their rental charge for a unit of housing. He inquires also whether the denominational nonprofit organization he represents as sponsor of the project is going to be up against the competition of a direct loan project when the actual cost of a dwelling unit is about the same under one program as the other. "Is the direct loan program going to be for residence only by those elderly whose incomes are so limited that they cannot afford to pay the very reasonable and low rates our project will require," is a serious question with which the writer concludes his letter.

It seems to me that unless we restrict the use of this proposed Direct Loan money we are going to find ourselves walking into a pot of boiling water. I called the Special Assistant for Elderly Housing at FHA to inquire regarding the subject and questions of the aforementioned letter and was advised by him that there has been no policy determination as yet as to when and where the Direct Loan program would apply for use. He told me that the institution of the Direct Loan program last fall had very materially slowed the filing of added section 231 projects long in the making, that sponsors are sitting back to see whether they could get in under the direct loan program being administered by HHFA. He thought there were several hundred projects, planned for advancement by sponsors as 231 projects, which would not file applications unless and until they knew they could not get in under the direct loan program.

We had better think twice before we pass this pending housing bill without making clear a congressional intent to confine the direct loan program to the accommodation of people of limited income.

Why substitute with subsidy in those cases where there is readiness and ability to accommodate the elderly with projects which pay their own way?

Why hinder and in effect put an end to a program that church and fraternal groups have used and will continue to use to meet the wants of the elderly without Government subsidy? Obviously such groups are not going to continue in that direction so long as there exists a prospect of access to direct loaning.

We are led to believe that \$100 million will be all that is required to finance the direct loan program for the year. But unless tight limitations covering its use are fixed we can be quite certain that such an amount will not begin to cover the demand that will be found to exist. Two authorities have advised me that the demand in the first year could be as much as \$2 billion if the program is permitted to absorb all the projects anticipated of sponsorship throughout the country.

\$100 million? What can Congress be expected to do when church and fraternal sponsors of existing section 231 projects ask that they be treated as favorably as are new like groups which enjoy the large benefit of the Direct Loan program? That aggregate of mortgage insurance is \$144 million.

Unless the committee presenting the pending bill is prepared to reveal understandings and limitations agreed upon in the administration of the direct loan program, the bill ought to await passage until the committee can write those limitations after further hearings of intent by the administration of HHFA. At the very least we ought to here and now amend the bill to provide that in no event shall the authorization for loaning under this program exceed \$100 million in a calendar year. Perhaps we retain some controls by reason of the power of appropriating committees to limit the money available, but I would think the Senate would want to do whatever is possible of doing to permit

the existing section 231 program of housing for the elderly to supply the need in that large field which appears ready to use it, but not if it is going to have to compete with subsidy housing.

If we are wanting to ease the way for sponsors and encourage the building of more housing for the elderly, why not apply that easing to the section 231 program by lowering a bit the existing 5¼ percent interest requirement, by causing FNMA to abandon its 2-percent discount rate, and by reducing the one-half of 1 percent FHA mortgage insurance premium.

The Federal Housing Administration could help its own section 231 program along materially if only it would see to it that there was such administration in its field offices as would give full cooperation to sponsors of elderly housing.

I will be the last to object to meeting the growing want for housing for the elderly. But I do not like the idea of direct loaning at rates lower than can be afforded by private industry to accommodate that large element of our elderly who are ready and able to afford the accommodations wanted by using the existing mortgage insurance program available to those who would sponsor the housing.

Mr. HARTKE. Madam President, I call up my amendment.

The PRESIDING OFFICER. The amendment of the Senator from Indiana will be stated.

The LEGISLATIVE CLERK. On page 36, between lines 15 and 16 it is proposed to insert a new section, as follows:

ENCOURAGEMENT OF HOUSING FOR THE ELDERLY THROUGH CERTAIN TAX INCENTIVES

SEC. 202. (a) Part VI of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to itemized deductions for individuals and corporations) is amended by adding at the end thereof the following new section:

"SEC. 181. Amortization of housing facilities for elderly persons of low income

"(a) ALLOWANCE OF DEDUCTION.—

"(1) ORIGINAL OWNER.—Any person who constructs a housing facility for elderly persons of low income (as defined in subsection (d) (3)) shall, at his election, be entitled to a deduction with respect to the amortization of the adjusted basis (for determining gain) of such facility based on a period of 60 months. The 60-month period shall begin as to any such facility, at the election of the taxpayer, with the month following the month in which the facility was completed, or with the succeeding taxable year.

"SUBSEQUENT OWNERS.—Any person who acquires a housing facility for elderly persons of low income from a taxpayer who—

"(A) elected under subsection (b) to take the amortization deduction provided by this subsection with respect to such facility, and

"(B) did not discontinue the amortization deduction pursuant to subsection (c) (1), shall, at his election, be entitled to a deduction with respect to the adjusted basis (determined under subsection (f) (2)) of such facility based on the period, if any, remaining (at the time of acquisition) in the 60-month period elected under subsection (b) by the person who constructed such facility. This paragraph shall not apply if, prior to the time of acquisition of such facility, the amortization deduction has been terminated under subsection (c) (2).

"(3) AMOUNT OF DEDUCTION.—The amortization deduction provided in paragraphs (1) and (2) shall be an amount, with respect to each month of the amortization period within the taxable year, equal to the adjusted basis of the facility at the end of such month, divided by the number of months (including the month for which the deduction is computed) remaining in the period. Such adjusted basis at the end of the month shall be computed without regard to the amortization deduction for such month. The amortization deduction above provided with respect to any month shall be in lieu of the depreciation deduction with respect to such facility for such month provided by section 167.

"(b) ELECTION OF AMORTIZATION.—The election of the taxpayer under subsection (a) (1) to take the amortization deduction and to begin the 60-month period with the month following the month in which the facility was completed shall be made only by a statement to that effect in the return for the taxable year in which the facility was completed. The election of the taxpayer under subsection (a) (1) to take the amortization deduction and to begin such period with the taxable year succeeding such year shall be made only by a statement to that effect in the return for such succeeding taxable year. The election of the taxpayer under subsection (a) (2) to take the amortization deduction shall be made only by a statement to that effect in the return for the taxable year in which the facility was acquired. Notwithstanding the preceding three sentences, the election of the taxpayer under subsection (a) (1) or (2) may be made, under such regulations as the Secretary or his delegate may prescribe, before the time prescribed in the applicable sentence.

"(c) TERMINATION OF AMORTIZATION DEDUCTION.—

"(1) TERMINATION BY TAXPAYER.—A taxpayer which has elected under subsection (b) to take the amortization deduction provided in subsection (a) may at any time after making such election, discontinue the amortization deduction with respect to the remainder of the amortization period, such discontinuance to begin as of the beginning of any month specified by the taxpayer in a notice in writing filed with the Secretary or his delegate before the beginning of such month.

"(2) TERMINATION BY SECRETARY.—The amortization deduction provided in subsection (a) shall terminate with respect to any housing facility for elderly persons of low income if the Secretary or his delegate finds that, during any month, any of the occupied dwelling units in such facility, or of which such facility is a part, is not occupied by an elderly person of low income (within the meaning of subsection (d) (4)). Such termination shall be effective as of the beginning of the month in respect of which such finding is made.

"(3) DEPRECIATION DEDUCTION.—The depreciation deduction provided under section 167 shall be allowed, beginning with the first month as to which the amortization deduction does not apply, and the taxpayer shall not be entitled to any further amortization deduction with respect to such facility.

"(d) DEFINITIONS.—For purposes of this section—

"(1) ELDERLY PERSON OF LOW INCOME.—The term 'elderly person of low income' means, with respect to any housing facility, an individual who has attained the age of 60 and—

"(A) whose annual income, together with the annual incomes of all individuals who maintain their principal place of abode with him, is below the median annual family income of families residing in the area in which such housing facility is located, and

"(B) who cannot afford to pay sufficient rent to cause private enterprise in such area to provide him and the individuals who maintain their principal place of abode with him with decent, safe, and sanitary rental housing.

"(2) HOUSING FACILITY.—The term 'housing facility' means any property which provides 8 or more dwelling units, and any property which together with other adjacent property or properties of the taxpayer provides 8 or more dwelling units. Such term includes only property of a character which is subject to the allowance for depreciation provided in section 167.

"(3) HOUSING FACILITIES FOR ELDERLY PERSONS OF LOW INCOME.—The term 'housing facility for elderly persons of low income' means any housing facility—

"(A) the construction of which is completed after December 31, 1960,

"(B) which is constructed to provide rental housing for elderly persons of low income,

"(C) the dwelling units in which, or of which such housing facility is a part, are specially designed for the use and occupancy of elderly persons, and

"(D) with respect to which a certificate has been issued by the Housing and Home Finance Administrator under subsection (e). If any housing facility is converted, through alteration, reconstruction, or remodeling, into a housing facility for elderly persons of low income (as defined in the preceding sentence), or if any housing facility for elderly persons of low income (as so defined) is altered, reconstructed, or remodeled so as to increase the number of dwelling units in such facility, or of which such facility is a part, such alteration, reconstruction, or remodeling shall be treated as the construction of a housing facility for elderly persons of low income. The term "housing facility for elderly persons of low income" does not include any housing facility which is constructed or acquired with funds granted or loaned, or the repayment of which is guaranteed or insured, by the United States or any agency or instrumentality of the United States, or by any State or political subdivision thereof or any agency or instrumentality of any State or political subdivision.

"(4) OCCUPANCY OF DWELLING UNITS BY ELDERLY PERSONS OF LOW INCOME.—A dwelling unit shall be considered as occupied by an elderly person of low income only if—

"(A) the dwelling unit is the principal place of abode of one or more elderly persons of low income, and

"(B) if any individual (other than the spouse of an elderly person of low income) who is not an elderly person of low income also makes such dwelling unit his principal place of abode, the combined adjusted gross incomes of all such individuals is less than the combined adjusted gross incomes of the elderly persons of low income and their spouses who make such unit their principal place of abode.

"(e) CERTIFICATION BY HOUSING AND HOME FINANCE ADMINISTRATOR.—

"(1) APPLICATION.—Any person who after December 31, 1961, completes the construction of a housing facility for elderly persons of low income may apply to the Housing and Home Finance Administrator for a certificate under this subsection. Such application shall be filed at such time, shall be in such form, and shall contain such information as the Administrator may prescribe by regulations.

"(2) REQUIREMENTS.—The Administrator shall issue a certificate with respect to a housing facility if he is satisfied that—

"(A) such housing facility has been constructed to provide rental housing for elderly persons of low income, and the dwelling units in such housing facility, or of which such housing facility is a part, are specially

designed for the use and occupancy of elderly persons;

"(B) no part of the cost of the construction of such housing facility has been or will be defrayed from funds granted or loaned, or the repayment of which is guaranteed or insured, by the United States or any agency or instrumentality of the United States, or by any State or political subdivision thereof or any agency or instrumentality of any State or political subdivision;

"(C) the portion of the cost of construction of such housing facility allocable to each dwelling unit does not exceed an amount prescribed by the Administrator for the area in which such housing facility is located; and

"(D) for a period of twenty years commencing with the completion of the construction of such housing facility—

"(i) the dwelling units in such housing facility, or of which such facility is a part, will be made available solely for occupancy by elderly persons of low income, and

"(ii) the rent which will be charged for occupancy of a dwelling unit will not exceed such amount as the Administrator may approve as being within the ability of elderly persons of low income residing in the area in which such facility is located to pay.

The Administrator may require an applicant to provide such assurances with respect to the requirements of subparagraph (D) as he may prescribe by regulations and such additional assurances with respect to such requirements as he may prescribe with respect to any housing facility. Such assurances shall be in such form as the Administrator deems necessary to insure compliance with such requirements, and may include covenants, conditions, and bonds.

"(3) REMODELED HOUSING FACILITY.—In the case of a housing facility for elderly persons of low income within the meaning of the second sentence of subsection (d) (3), the cost of construction referred to in paragraph (2) means only the cost of the alteration, reconstruction, or remodeling which constitutes construction within the meaning of such sentence.

"(4) PRELIMINARY CERTIFICATION.—An application under paragraph (1) may be filed with respect to any housing facility prior to the completion of the construction of such housing facility. The Administrator may, by regulations, provide for the issuance of a conditional certificate to any such applicant if it appears from the information contained in his application that such housing facility will, upon completion, fulfill the requirements for a certificate prescribed by paragraph (2).

"(5) REGULATIONS.—The Administrator shall prescribe such regulations as he deems necessary to carry out the provisions of this subsection.

"(f) DETERMINATION OF ADJUSTED BASIS.—

"(1) ORIGINAL OWNERS.—For purposes of subsection (a) (1), in determining the adjusted basis of any housing facility for elderly persons of low income—

"(A) if the construction of such facility was begun before January 1, 1961, there shall be included only so much of the amount of the adjusted basis (computed without regard to this subsection) as is properly attributable to construction after December 31, 1960; and

"(B) if the facility is a housing facility for elderly persons of low income within the meaning of the second sentence of subsection (d) (3), there shall be included only so much of the amount otherwise included in such adjusted basis as is properly attributable to the alteration, reconstruction, or remodeling.

"(2) SUBSEQUENT OWNERS.—For purposes of subsection (a) (2), the adjusted basis of any housing facility for elderly persons of

low income shall be whichever of the following amounts is the smaller:

"(A) the basis (unadjusted) of such facility for purposes of this section in the hands of the transferor, donor, or grantor, adjusted as if such facility in the hands of the taxpayer had a substituted basis within the meaning of section 1016(b); or

"(B) so much of the adjusted basis (for determining gain) of the facility in the hands of the taxpayer (computed without regard to this subsection) as is properly attributable to construction after December 31, 1960.

"(3) SEPARATE FACILITIES; SPECIAL RULE.—If any existing housing facility for elderly persons of low income as defined in the first sentence of subsection (d) (3) is altered, reconstructed, or remodeled as provided in the second sentence of subsection (d) (3), the expenditures for such alteration, reconstruction, or remodeling shall not be applied in adjustment of the basis of such existing facility but a separate basis shall be computed as if the part altered, reconstructed, or remodeled were a new and separate housing facility for elderly persons of low income.

"(g) DEPRECIATION DEDUCTION.—If the adjusted basis of a housing facility for elderly persons of low income (computed without regard to subsection (f)) exceeds the adjusted basis computed under subsection (f), the depreciation deduction provided by section 167 shall, despite the provisions of subsection (a) (3) of this section, be allowed with respect to such facility as if the adjusted basis for the purpose of such deduction were an amount equal to the amount of such excess.

"(h) LIFE TENANT AND REMAINDERMAN.—In the case of property held by one person for life with remainder to another person, the amortization deduction provided in subsection (a) shall be computed as if the life tenant were the absolute owner of the property and shall be allowed to the life tenant.

"(i) CROSS REFERENCE.—

"For special rule with respect to gain derived from the sale or exchange of property the adjusted basis of which is determined with regard to this section, see section 1238."

(b) (1) The table of sections for part VI of the subchapter B of chapter 1 of the Internal Revenue Code of 1954 is amended by adding at the end thereof

"Sec. 181. Amortization of housing facilities for elderly persons of low income."

(2) Section 1238 of the Internal Revenue Code of 1954 (relating to amortization in excess of depreciation) is amended by inserting after "section 168 (relating to amortization deduction of emergency facilities)" the following: "or section 181 (relating to amortization deduction of housing facilities for elderly persons of low income)".

(c) The amendments made by this section shall apply to taxable years beginning after December 31, 1960.

On page 36, line 18, strike out "202" and insert "203".

On page 37, line 2, strike out "203" and insert "204".

On page 37, line 18, strike out "204" and insert "205".

On page 38, line 8, strike out "205" and insert "206".

On page 39, line 10, strike out "206" and insert "207".

On page 40, line 23, strike out "207" and insert "208".

On page 41, line 23, strike out "208" and insert "209".

AMENDMENT OF INDIAN CLAIMS COMMISSION ACT

Mr. ANDERSON. Madam President, will the Senator from Indiana yield to me 2 minutes on his amendment?

Mr. HARTKE. I yield.

Mr. ANDERSON. Madam President, I ask that the Chair lay before the Senate the amendments of the House of Representatives to Senate bill 751.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 751) to amend the Indian Claims Commission Act, which were, to strike out all after the enacting clause and insert:

That section 23 of the Indian Claims Commission Act approved August 13, 1946 (60 Stat. 1049, 1055; 25 U.S.C. sec. 70 v), is hereby amended to read as follows:

"SEC. 23. The existence of the Commission shall terminate at the end of five years from and after April 10, 1962, or at such earlier time as the Commission shall have made its final report to the Congress on all claims filed with it. Upon its dissolution the records of the Commission shall be delivered to the Archivist of the United States."

And to amend the title so as to read: "An Act to terminate the existence of the Indian Claims Commission, and for other purposes."

Mr. ANDERSON. Madam President, I move that the Senate concur in the House amendments. I have discussed this subject with both the majority leader and the minority leader, and the majority and minority ranking members of the Committee on Interior and Insular Affairs having committee jurisdiction, and they have no objection to the suggested action.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New Mexico [Mr. ANDERSON].

The motion was agreed to.

HOUSING ACT OF 1961

The Senate resumed the consideration of the bill (S. 1922) to assist in the provision of housing for moderate and low-income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

The PRESIDING OFFICER. How much time does the Senator from Indiana yield to himself?

Mr. HARTKE. I yield myself 5 minutes.

Madam President, the amendment has been discussed with the chairman of the Subcommittee on Housing, the senior Senator from Alabama [Mr. SPARKMAN], and also the senior Senator from Indiana [Mr. CAPEHART], the ranking Republican member of the committee. The senior Senator from Indiana has indicated to me that he is in favor of the amendment. I believe members of his staff will be able to verify that statement.

Mr. BUSH. Madam President, will the Senator yield?

Mr. HARTKE. I yield.

Mr. BUSH. I have not had an opportunity to study the amendment, but I notice that it is an amendment which deals with the subject of taxes.

Mr. HARTKE. The Senator is correct.

Mr. BUSH. I wonder if it is appropriate for the Senate to legislate a tax measure on a housing bill. I ask my friend the distinguished Senator from Alabama, who is in charge of the bill what he has to say on that subject?

Mr. SPARKMAN. Madam President, will the Senator yield?

Mr. HARTKE. I am glad to yield to the Senator from Alabama.

Mr. SPARKMAN. When the junior Senator from Indiana discussed this subject with me I raised exactly the same question with him. I called his attention to the fact that the committee had always been quite careful to avoid dealing with tax legislation. I reminded him, however, that he was a member of the Committee on Finance. I suggested yesterday that he have the amendment printed and have it available on the table so that any member of the Committee on Finance who might have objection to it could so state.

I am in favor of the principle contained in the amendment. I have great respect for the jurisdiction of the various committees. I note the presence in the chamber of other members of the Committee on Finance. I think it is up to the members of the Committee on Finance to raise objections to the amendment, if they care to do so.

Mr. BUSH. Madam President, I think any Senator could raise an objection to the amendment.

Mr. SPARKMAN. I wish to make myself clear. I said to the Senator from Indiana that I favored the principle and I would not oppose the amendment, but I see in it a jurisdictional involvement, involving the committee on which he serves.

Mr. BUSH. Madam President, will the Senator from Indiana yield?

Mr. HARTKE. I yield.

Mr. BUSH. I not only object to the amendment on the basis of jurisdiction, but also on the basis of principle, namely, dealing with selective tax revision in a housing bill.

Mr. HARTKE. Madam President, I discussed this subject with the senior Senator from Indiana [Mr. CAPEHART], and he has stated that he is willing to accept the amendment. The amendment would not affect any revenue at the present time. No homes of the sort covered are presently being built. The amendment would provide for amortization over a 60-month period for people who are willing to construct homes for the elderly. The amendment would affect none of the parts of the bill presently before this body. In other words, no tax revenue is being derived from this type of building at the present time. The amendment would provide for private investment of capital in housing for the elderly. If any of the type of buildings covered were constructed, the

amendment would provide not alone jobs for those building that type of structure, but would provide an opportunity for those who are willing to invest their money to move into a new field, and it would provide for the Treasury some additional taxation from a source from which no revenue is coming at the present time.

Mr. BUSH. I think the Senator from Indiana makes an interesting argument for the purposes of the amendment, but I still object on the basis that the amendment would give a special tax privilege to a special builder for a special purpose. I cannot see the justice of so doing. If we attach little tax privileges to every bill that comes before us, the tax laws will soon be rewritten in this session.

Therefore, I shall have to oppose the amendment, not on the basis of merit, but on the basis that this is the wrong place and time to consider this question, and we should not be giving special tax advantages in this kind of bill or in any kind of bill. If tax deduction privileges are to be proposed, I believe the question should come before the Committee on Finance, and hearings should be held, with reasons stated as to why this particular operation should enjoy a tax advantage or special tax consideration.

So with all respect to my good friend and his senior colleague, I shall have to oppose the amendment on that basis.

Mr. HARTKE. Madam President, the purpose of the amendment to the housing bill is very simple. It is presented as an amendment for the reason that it deals with housing, and if we are to provide decent housing for the 16 million people who are now over the age of 65, it is apparent that it would be more desirable to try to finance the additional housing through private investment rather than to have the financing come from the Government in the form of either a direct subsidy, loans, or grants.

The PRESIDING OFFICER. Does the Senator from Connecticut raise the question of constitutionality?

Mr. BUSH. Madam President, I did not raise the question of constitutionality, but if there is one available, I will raise it. I ask if a point of order is involved. I ask the Chair to rule on the question as to whether a point of order is involved in connection with tax legislation on a housing bill.

The PRESIDING OFFICER. The Chair reads from page 20 of Senate Procedure:

The question of the constitutionality of a measure originating in the Senate as being revenue raising in nature or the constitutionality of a revenue raising amendment is submitted by the Presiding Officer directly to the Senate for determination.

It is not within the province of the Presiding Officer to rule a bill or an amendment out of order on the ground that it is unconstitutional; the Presiding Officer has no authority or power to pass on the constitutionality of a measure or amendment; that is a matter for the Senate itself to decide.

The Chair, therefore, submits to the Senate the question, Is the amendment in order?

Mr. HOLLAND. The question is debatable, is it not?

The PRESIDING OFFICER. The question is debatable.

Mr. HOLLAND. I thank the Chair.

Mr. BUSH. Madam President, I suggest the absence of a quorum, and I ask unanimous consent that the time be not charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BUSH. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUSH. Madam President, I am prepared to yield back the remainder of my time.

Mr. HARTKE. I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. The request is out of order.

Mr. MANSFIELD. I yield 2 minutes to the Senator from Florida.

Mr. HOLLAND. The Senator from Florida does not know what the point of order involves. He is being asked to vote on whether an amendment is constitutional, without hearing any argument on it. That kind of procedure cannot be justified.

Mr. MANSFIELD. I was trying to help the Senator by giving him some time so that he could speak on it.

Mr. HOLLAND. I am not in the position to argue the point. I am being asked to vote on the constitutionality of a proposal without knowing what the proposal is and without having an opportunity to square it against the provisions of the Constitution. Both sides have offered to yield back the remainder of their time. Therefore we cannot learn anything about it.

Mr. BUSH. Madam President, I reserve my time, for the moment. We have been discussing the merits of this question for about 20 minutes. If the Senator was not present in the Chamber, I am sorry. I have insisted that this is not an appropriate proposal to be considered in connection with the housing bill, and that it should be referred to the Committee on Finance. It deals with taxes. I oppose it on that basis.

Mr. TALMADGE. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TALMADGE. I read from the unanimous-consent agreement:

"Ordered, That * * * debate on any motion or appeal, except a motion to lay on the table, shall be limited to 1 hour."

Inasmuch as there is a motion before the Senate to determine whether the Senate has constitutional authority to consider the amendment, I ask whether this question is outside the unanimous-consent agreement.

The PRESIDING OFFICER. The Chair is advised that 30 minutes is allowed to each side for discussing the constitutionality of the amendment.

Mr. TALMADGE. I thank the Chair.

Mr. BUSH. Madam President, in order to dispose of the question, I move

that the amendment be referred to the Committee on Finance.

The PRESIDING OFFICER. The Chair is advised that the motion of the Senator from Connecticut is out of order.

Mr. BUSH. I move that the amendment be laid on the table.

The PRESIDING OFFICER. No debate is permitted on a motion to lay on the table. (Putting the question.)

Mr. BUSH. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. BUSH. I withdraw the request.

The PRESIDING OFFICER. The motion before the Senate is to lay on the table the amendment offered by the Senator from Indiana [Mr. HARTKE]. The question is on agreeing to the motion.

The motion to lay on the table was agreed to.

Mr. SPARKMAN. Madam President, yesterday an amendment was offered which contained a technical defect. I refer to the amendment which was offered by the Senator from Alaska [Mr. GRUENING]. It related to the additional cost per room for housing in Alaska. It is an amendment on page 42, lines 5 and 6 of the bill. If reference is made to the bill I can point out the error that was made. In the second line of the amendment there were the words "\$2,000 per room." Those words were included within quotation marks. They should not have been included. I ask unanimous consent for the reconsideration of the vote by which the amendment was adopted.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. Now I send to the desk the corrected amendment and ask for its approval.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 42 it is proposed to substitute the following for lines 5 and 6: "(2) striking in paragraph (5) '(\$2,500 per room in the case of Alaska or in the case of accommodations designed specifically for elderly families),' and inserting in lieu thereof '(\$3,000 per room in the case of Alaska, or in the case of accommodations designed specifically for elderly families \$3,000 per room and \$3,500 per room in the case of Alaska)';"

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alabama.

The amendment was agreed to.

Mr. CAPEHART. Madam President, I call up my amendment "J."

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 3, beginning with line 18, strike out all through line 16, on page 6.

On page 6, line 17, strike out "(8)" and insert in lieu thereof "(6)".

On page 7, line 15, strike out "(9)" and insert in lieu thereof "(7)".

On page 8, line 4, strike out "(10)" and insert in lieu thereof "(8)".

On page 8, strike out line 21.

On page 8, line 22, strike out "(12)" and insert in lieu thereof "(9)".

On page 9, beginning with line 6, strike out all through the period in line 20.

On page 9, lines 21 and 22, strike out "subsection (d) (2) or (d) (4) of".

On page 10, line 4, strike out "(13)" and insert in lieu thereof "(10)".

On page 10, beginning with the colon in line 20, strike out all through line 6, on page 11, and insert in lieu thereof a period.

On page 12, line 3, strike out "(14)" and insert in lieu thereof "(11)".

On page 12, line 6, strike out "; and" and insert in lieu thereof a period.

On page 12, strike out lines 7 through 9.

On page 12, beginning with line 24, strike out all through line 10 on page 13.

On page 72, beginning with line 20, strike out all through line 3 on page 73, and insert in lieu thereof the following:

(e) Section 212 of such Act is amended by striking out in the second sentence of subsection (a) "any mortgage under section 220" and inserting in lieu thereof "any loan or mortgage under section 220 or section 233".

Mr. CAPEHART. Madam President, to begin with, I allocate only 5 minutes to myself. I shall not take very long, because the amendment was discussed at great length last week.

I think the amendment speaks for itself. It would strike from the bill a new section by which FHA insurance would be extended to 40-year mortgages. A 40-year provision is in the present law and has been there for a number of years. However, it applies only—and I think possibly rightly—to persons displaced by an act of Government, such as urban renewal or highway construction, or for some other reason beyond the control of the home owner. In that instance, the Government wants the land on which the house is situated. The Government takes the property and the owner must move. He must find and buy a new house, and he must move. Under those circumstances, Congress has been very liberal and has provided that the Government will insure such a mortgage up to 40 years.

The bill contains a provision that public housing authorities may build houses for rental purposes for people in the so-called middle income class. Therefore, there is injected into the bill public housing for so-called middle income people, the housing to be built by public authorities anywhere in the United States. That, I think, is bad, as is also the 40-year provision. I think the whole section ought to be rejected.

The administration and Senators who have advocated this section have done so on the basis that the program was to be a 2-year experiment. In other words, there must have been some doubt about the practicability and sensibility of it, or they would not have said it was to be an experiment. They admit that they have referred to it as an experimental policy and propose to try it out for a couple of years. That is proof that they are not certain that it is a good policy.

I do not think it is good. I do not believe the people will be rendered a service by selling them houses and giving them 40 years to pay for them, with no downpayment. I am certain that the U.S. Government, the housing business, and the people of the country will not be done any good if mayors or other public officials of cities in the United States organize public authorities so as to include middle income people in public housing projects, because the bill also permits, under those circumstances, reduced interest rates.

Mr. SALTONSTALL. Madam President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. SALTONSTALL. Do I correctly understand that the Senator's amendment proposes to strike out all the provisions relating to the 40-year, no-downpayment plan?

Mr. CAPEHART. It would strike out the provision which relates to the inclusion of middle income people in public housing.

Mr. SALTONSTALL. It does not apply to housing for the elderly?

Mr. CAPEHART. It does not apply to housing for the elderly, to college housing, or to any other sections of existing law. In other words, this is a new section which the committee wrote into the bill, or which the administration advocated.

By eliminating this provision, the present law, which has been in effect for many years, will remain as it is. There was no testimony—at least, no profound testimony—that such a provision was needed. It is an experiment. The administration freely admitted that it was contemplated as an experiment, and that it would be tried out for a couple of years, to see how it worked.

The worst section in the present law, so far as repossessions and defaults are concerned, is the section I described a moment ago, which permits mortgages to be guaranteed up to 40 years, with no downpayments, for displaced persons. So there is no need for the proposal which has been placed in the bill. I think it goes beyond what the people who originally conceived the idea of FHA insured mortgages ever had in mind.

Madam President, I do not see any necessity for the provision. I think we will regret the day it is adopted, if it is adopted in this Congress. I think the period for the mortgage is entirely too long. I hope this section will be eliminated. To do so would not weaken the FHA. To do so would not weaken the Housing Act, because this proposal is new; it has never been tried before.

Another bad feature is that while we talk about the provision being for middle-income people, there is no definition of middle-income people.

There is no definition of the respective income groups.

While the bill provides that the housing shall be for middle-income people, it does not in any way spell out what is meant by "middle-income" people. It merely provides that the Federal Housing Commissioner may insure FHA

mortgages up to 40 years without any down payment on a house which does not cost more than \$15,000. The cost does not need to go that high.

The PRESIDING OFFICER. The time of the Senator from Indiana has expired.

Mr. CAPEHART. I yield myself another 3 minutes.

It should not take long for a Senator to make up his mind on this question. There is no reason to debate it at length. The question is whether we want to include in the housing legislation a new section which will provide for 40-year mortgages. That is the question. Do we want to liberalize the law to that extent? In my opinion, to do so would constitute a start toward weakening the housing institution.

Mr. COOPER. Madam President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. COOPER. I was interested in the Senator's statement that no evidence was introduced in the hearings concerning the eligibility of persons to secure these loans.

Mr. CAPEHART. That is correct.

Mr. COOPER. Is there anything in the bill or in the hearings which establishes the criteria for eligibility for so-called middle-income loans?

Mr. CAPEHART. The provision covers both rental properties and sale properties. One may build houses on the 40-year mortgage, no-downpayment plan and then rent the property, or he may buy and sell houses on that basis to individual buyers.

As I said a moment ago, a public authority may be established under this section to build housing at a reduced interest rate, a rate as low as 3½ percent. The result would be subsidized public housing.

Mr. COOPER. I understand that; but is there anything in the bill which establishes or defines eligibility?

Mr. CAPEHART. I wish to be fair and honest. I do not think there is. The able Senator from Alabama [Mr. SPARKMAN] will speak on the amendment shortly. He may disagree with me on this point, but I do not think he will. I believe the formula or test of the criteria is that a 40-year mortgage, with no downpayment, cannot be insured, if the house costs more than \$15,000.

The PRESIDING OFFICER. The time of the Senator from Indiana has again expired.

Mr. CAPEHART. I yield myself 5 more minutes.

Mr. COOPER. Was there any evidence to indicate that when a person received a loan to build a house, he would obtain any equity in the house?

Mr. CAPEHART. He would receive no equity. I think the testimony was that it would be 7 years before he would have any equity in it; and I think there was testimony to the effect that at the end of 20 years the house would be worth less than the total amount of the payments—beyond the interest—which had been made up to that time. So there is nothing sound about the proposal.

On page 4 of the report, at the top of the page, we find this statement:

Proposals designed to provide Federal assistance for housing families who are not eligible for low-rent public housing, but who cannot afford decent privately financed housing, are not new to this committee.

Just what does that statement mean? In all fairness, I wanted to read it, because, although it is a criterion, there is nothing specific about it.

Madam President, I hope very much that the new 40-year mortgage provisions will be stricken from the bill. If they are not, I hope it will be amended so as to make it more practical, more workable, and more in the interest of those who buy houses, because this provision would invite a person to purchase a house on the basis of a 40-year-repayment plan, with no down payment; and he could live in the house 3, or 4, or 5 years, have no equity whatever in the house, proceed to wreck the house while he was living in it, and then leave it. In that event, the Federal Government would have to repossess the house, then in a wrecked condition. In my opinion, that would weaken the FHHA, which has been a good institution. I believe there could be no other result, because I do not believe Congress can change human nature. I think many persons would purchase such houses; and I think many of them would live in the houses for 3, 4, or 5 years, and then would walk out; and I believe that in that period of time they would, unfortunately, wreck the houses, because I do not think anyone who would buy a house on such a basis would have any feeling other than that he was only paying rent, and he would not have any particular feeling of responsibility for the maintenance of the house in good condition, because he would know that long before the 40 years had passed, the house would be in quite bad condition. I would not attempt in any way to belittle any of the houses or their quality; but I believe that such houses, which would cost up to \$15,000, would be in bad condition after 40 years had elapsed.

Many people—particularly the kind of people who might take advantage of such a proposal—move from town to town and from neighborhood to neighborhood, because their jobs require them to move or because they lose one job and get a new one, somewhere else.

So I think this proposal would have an extremely bad effect on the Housing Authority; and I believe the best proof of that is found in the fact that those in the administration who are advocating this program say it is experimental. But it is impossible to experiment with such an arrangement within a period of 2 years. Such an experiment would take 10 years. Two years would not be sufficient, because it would take some time for the program to get underway, and soon the 2 years would have gone by.

So, Madam President, I hope this amendment will be adopted.

Mr. SPARKMAN. Madam President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from Alabama is recognized for 10 minutes.

Mr. SPARKMAN. Madam President, the amendment of the Senator from Indiana strikes at the heart of the bill.

I wish to correct one statement the Senator from Indiana made; I am sure it was only a slip of the tongue. The amendment of the Senator from Indiana does not relate at all to sales property. It relates only to rental property which is built for the purpose of making rental housing available to families of low income who could not otherwise afford to have decent, safe, and sanitary housing.

Madam President, this proposal was not brought to life by the Kennedy administration. I wonder whether the Senator from Indiana realizes the source of the proposal. In 1953, President Dwight D. Eisenhower appointed an advisory commission to make a study of housing and to make recommendations. This is one of the recommendations. The Chairman of that Commission was Albert Cole, who served as head of the Housing and Home Finance Agency. His recommendation was:

For an experimental period of 2 years, the Federal Housing Administration should be authorized to insure 40-year, 100-percent loans.

The origin of the proposal was in the recommendation by President Eisenhower's advisory commission.

Following that, President Eisenhower sent to Congress a bill to put into effect that recommendation; and the bill was introduced by the then chairman of the Banking and Currency Committee, the senior Senator from Indiana [Mr. CAPEHART]. He worked for the passage of the bill back in the 83d Congress; and his committee reported the bill. So this is not a new proposal. It would amend the very section to which the Senator from Indiana referred, namely, section 221.

That section now authorizes 100 percent insured housing, with 40-year mortgages. Congress has done that in the past, and initiated it under President Eisenhower, during a Republican-controlled Congress, and put it into effect following the recommendation of the Banking and Currency Committee, then under the chairmanship of the senior Senator from Indiana.

Mr. BUSH. Madam President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. BUSH. Will the Senator refresh my memory as to whether the bill he is discussing called for subsidized interest and a FNMA support of \$750 million?

Mr. SPARKMAN. I am sure the FNMA support was provided for.

Mr. BUSH. Did it also provide for a subsidized interest rate?

Mr. SPARKMAN. I would have to check on that; I am not certain. But it did provide for 100 percent, 40-year mortgages. That plan came from President Eisenhower, and it was reported to the Senate by the Senator from Indiana [Mr. CAPEHART], and was fought for by him; and, essentially, that program was put into effect.

Mr. BUSH. Madam President, will the Senator from Alabama yield for another question?

Mr. SPARKMAN. I yield.

Mr. BUSH. Was that bill limited to families which were displaced by the slum clearance and urban renewal pro-

grams, or did the bill apply to all middle-income families?

Mr. SPARKMAN. The bill Congress passed was limited to those who were dislocated by governmental action.

Mr. BUSH. That is an important difference between the two bills.

Mr. SPARKMAN. I realize that. But I have said—and I think this fact should be clearly understood—that this is a subsidized program, in that it makes money available at an interest rate as low as 3½ percent. That is the extent of the subsidization. For years, private enterprise has urged us to find some program as a substitute for public housing, and we have tried to do so. I submit that this is the best proposal that has yet been brought forward; and Senators must admit that the subsidy provided for in this bill is much less than that provided in the ordinary public housing program.

The price of housing has been continually rising, until today 65 percent of the families in the United States receive incomes too low to make it possible for them to purchase the typical FHA house. I refer to the typical, average FHA house. Of course, some buyers are able to purchase some of the FHA houses. But the great mass market is denied the benefits under the regular FHA program.

Mr. LAUSCHE. Madam President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. LAUSCHE. Will the Senator from Alabama describe in greater detail why the average American family, one of the group which comprises 65 percent of all American families—is not able to purchase such houses; and will he state the main factor which contributes to the high cost of houses?

Mr. SPARKMAN. I do not have the exact figures before me, but I have seen them. According to the census for the past year, 65 percent of the heads of American families received incomes not in excess of \$6,000 or \$6,500. The typical FHA house last year cost \$15,000. Under a rough rule of thumb, in order to afford that kind of house, a person would have to have an income of between \$6,000 and \$6,500; and 65 percent of the heads of American families do not have such income.

Mr. LAUSCHE. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. LAUSCHE. The immediate impact upon me is that a person earning \$6,500 a year ought to be in a position to buy a \$15,000 home, unless there are factors which contribute to the cost of a \$15,000 house that are abnormal and that bring the cost so high that the ordinary person having such an income cannot buy it. What is the principal factor in the cost of \$15,000?

Mr. SPARKMAN. I do not think the reason lies in any factor in it; it is the amount itself. The FHA, in determining its underwriting, ascertains that the average family must have certain amounts for certain items. It makes up a budget to determine that only a certain amount of the income can go for housing cost. It may be that the cost of housing is high. It has continued to rise.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SPARKMAN. If the distinguished Senator from Indiana is willing to yield back the remainder of his time—

Mr. JAVITS. Madam President, will the Senator yield half a minute to me?

Mr. SPARKMAN. I yield to the Senator from New York.

Mr. JAVITS. I did not want to leave unchallenged the Senator's statement that the 40 percent, no-downpayment plan was the best plan. I think I shall have the privilege of proposing the best plan. I serve notice on my colleagues that such a proposal will immediately follow.

Mr. SPARKMAN. I understand.

Mr. SALTONSTALL. Madam President, will the Senator yield for a question?

Mr. SPARKMAN. I yield.

Mr. SALTONSTALL. As I understand the plan now being proposed, it would apply to any area. I have always been in favor of slum clearance and low cost housing programs, but this is a plan which would have possible application, for example, in an area in suburban Washington or in any suburban area of the country where housing of this character is located. Is that correct?

Mr. SPARKMAN. I think the Federal Housing Commissioner would be careful in his selection. It could be done only in areas or towns or cities that have a workable program. It must fit in with a workable program. My guess is that the great majority of the program would be in slum clearance or urban renewal.

Mr. SALTONSTALL. Yet this is not a slum clearance program.

Mr. SPARKMAN. It is not limited to that, but it is tied in with a workable program.

Mr. CAPEHART. Madam President, I yield 1 minute to the Senator from South Dakota.

Mr. CASE of South Dakota. Madam President, the junior Senator from South Dakota is not an expert in the housing field. His experience in installment buying has not been very great. At one time the junior Senator from South Dakota has some experience with the selling and financing of automobiles. If there was one lesson he learned, it was that if one wanted to make a sound deal, the purchaser ought to have a substantial equity in the automobile he was buying. I think the same thing is true in the field of housing. Unless the purchaser is in a position to make a reasonable initial payment, it seems to me there is no favor to him or to the community in encouraging him to buy a house without some equity in the house on the part of the purchaser. It would be better, in my judgment, for the family to pay rent and in the meantime acquire enough money to make a substantial downpayment before seeking the purchase of a home.

Mr. CAPEHART. Madam President, I yield 1 minute to the Senator from Ohio [Mr. LAUSCHE].

Mr. LAUSCHE. Madam President, in the year 1930 I was a judge. I presided in the courtroom of the common pleas

court of Cuyahoga County. I rendered judgments in which litigants were asking for foreclosures of owners' equities of redemption. My experience in countless hearings established the fact that many properties were bought without adequate equity to insure the ability of the buyer to retain possession of his home.

I cannot see how we could help the ordinary individual by saying, "You may buy a house as you would buy a piece of jewelry—without any downpayment whatsoever." The time will come when the failure to have an equity in the house will militate to the disadvantage, economically and otherwise, of the person who is induced to buy.

For that reason I shall vote against the pending proposal.

Mr. CAPEHART. Madam President, I yield back my remaining time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART] for himself and the Senator from Utah [Mr. BENNETT]. All time on the amendment has been yielded back. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Connecticut [Mr. DODD], the Senator from Louisiana [Mr. ELLENDER], and the Senator from Virginia [Mr. ROBERTSON], are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ], is absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY], is necessarily absent.

On this vote, the Senator from Louisiana [Mr. ELLENDER] is paired with the Senator from Virginia [Mr. ROBERTSON]. If present and voting, the Senator from Louisiana would vote "nay," and the Senator from Virginia would vote "yea."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from New Hampshire [Mr. BRIDGES]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from New Hampshire would vote "yea."

On this vote, the Senator from Connecticut [Mr. DODD] is paired with the Senator from Vermont [Mr. AIKEN]. If present and voting, the Senator from Connecticut would vote "nay," and the Senator from Vermont would vote "yea."

Mr. KUCHEL. I announce that the Senator from Vermont [Mr. AIKEN] is absent by leave of the Senate on official business.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Kansas [Mr. CARLSON], and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

If present and voting, the Senator from Wisconsin [Mr. WILEY] would vote "yea."

On this vote, the Senator from Vermont [Mr. AIKEN] is paired with the Senator from Connecticut [Mr. DODD]. If present and voting, the Senator from

Vermont would vote "yea," and the Senator from Connecticut would vote "nay."

On this vote the Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from New Hampshire would vote "yea," and the Senator from New Mexico would vote "nay."

The result was announced—yeas 41, nays 50, as follows:

[No. 61]

YEAS—41

Allott	Eastland	Morton
Beall	Ervin	Mundt
Bennett	Fong	Prouty
Bush	Goldwater	Russell
Butler	Gore	Saltonstall
Byrd, Va.	Hickenlooper	Schoeppel
Capehart	Holland	Smathers
Case, S.Dak.	Hruska	Smith, Maine
Church	Jordan	Stennis
Cooper	Keating	Talmadge
Cotton	Kuchel	Thurmond
Curtis	Lausche	Williams, Del.
Dirksen	McClellan	Young, N. Dak.
Dworshak	Miller	

NAYS—50

Anderson	Hickey	Monroney
Bartlett	Hill	Morse
Bible	Humphrey	Moss
Boggs	Jackson	Muskie
Burdick	Javits	Neuberger
Byrd, W.Va.	Johnston	Pastore
Cannon	Kefauver	Pell
Carroll	Kerr	Proxmire
Case, N.J.	Long, Mo.	Randolph
Clark	Long, Hawaii	Scott
Douglas	Long, La.	Smith, Mass.
Engle	Magnuson	Sparkman
Fulbright	Mansfield	Symington
Gruening	McCarthy	Williams, N.J.
Hart	McGee	Yarborough
Hartke	McNamara	Young, Ohio
Hayden	Metcalf	

NOT VOTING—9

Alken	Carlson	Ellender
Blakley	Chavez	Robertson
Bridges	Dodd	Wiley

So Mr. CAPEHART'S amendment "J" was rejected.

Mr. MANSFIELD. Madam President, I move to reconsider the vote by which the amendment was rejected.

Mr. SPARKMAN. Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JAVITS. Madam President, I yield 5 minutes to the Senator from Illinois.

Mr. DIRKSEN. I need only a minute, and I ask the Senator from New York to yield without losing his right to the floor.

Mr. JAVITS. I yield 2 minutes.

LEGISLATIVE PROGRAM AND ORDER FOR ADJOURNMENT

Mr. DIRKSEN. Madam President, I should like to make inquiry of the distinguished majority leader with respect to the remainder of the day, and also whether he has in mind a time for the Senate to meet tomorrow.

Mr. MANSFIELD. Madam President, in response to the question raised, it is my understanding that although the amendment is not now before the Senate, the so-called Javits amendment will be made the pending business. Is my understanding correct?

Mr. JAVITS. The Senator is correct.

Mr. MANSFIELD. It is my further understanding that approximately 2

hours, including the extra half hour, or 50 minutes to each side, will be available to consider the amendment. It is my hope that tonight we can come to a vote on the amendment, for which the yeas and nays have been ordered.

Such action will depend upon developments.

Madam President, I request at this time a unanimous consent agreement that when the Senate adjourns tonight, that it adjourn to meet at 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

HOUSING ACT OF 1961

The Senate resumed the consideration of the bill (S. 1922) to assist in the provision of housing for moderate- and low-income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York [Mr. JAVITS] for himself and the Senator from Connecticut [Mr. BUSH], which, under the unanimous-consent agreement, automatically becomes the pending question.

Mr. DIRKSEN. Madam President, I should like to address a further question to both the distinguished majority leader and the distinguished Senator from New York. Does the Senator from New York contemplate a rather extended speech on his amendment?

Mr. JAVITS. I do. I think I shall use not less than three-quarters of an hour.

Mr. DIRKSEN. When the unanimous-consent agreement was entered into, I understood that probably only a portion of the allotted time would be used on the majority side.

Mr. MANSFIELD. That is my understanding. I will tentatively hazard a guess that we may have a vote somewhere between 6:30 and 10 minutes to 7.

Mr. DIRKSEN. Would that vote be the only vote tonight?

Mr. MANSFIELD. Yes.

Mr. JAVITS. Madam President, I yield myself 20 minutes.

The pending amendment, upon which 3 hours was allotted under the unanimous-consent agreement, raises the issues on probably the single most important aspect of this bill. Indeed, the Senator from Alabama [Mr. SPARKMAN] stated that other than the question of what do we do about moderate income housing, the bill pretty much continues other programs.

Aside from the proposed aid to commuter transportation and the open spaces provisions, each of which would amount to \$100 million, the bill is pretty much a standard housing bill, expanding and extending programs which we have and with which we are thoroughly familiar, until we come to the proposed 40-year, no-downpayment plan, for which my proposal is a substitute. Then we get into the one new aspect of this measure.

I should like to state, because probably this will be the final time in which

it will be stated, precisely what my amendment proposes as a substitute for the 40-year, no-downpayment program, my amendment proposes a program to organize a Federal Limited-Profit Mortgage Corporation, which will be a U.S. Government Corporation, in the first instance financed by a \$100 million stock subscription investment from the Treasury. That will be the only investment in the Corporation by the United States, and it will also be the only investment in this whole model, moderate-income program on the part of the United States forever. That would be the end of it.

The United States would invest \$100 million, and that would be it. The program would either work or it would not. But that would be the end of the U.S. investment. There is involved neither subsidy nor any other appropriation. The program is entirely self-operative.

The proposed Corporation, as a U.S. Corporation, would have the right to issue bonded debt, which it would sell to individual investors in very much the same way that public housing is financed today, but with the essential difference that whereas the bonds would be sold to the average investor like public housing bonds, the United States would be under no obligation to provide a subsidy for the purpose of making the proposed bonds good. But the bonds would stand upon their own bottoms as bonds issued by a Federal corporation which, if defaulted upon—and I think we all know from our experience with housing mortgage guarantees that such eventuality is extremely remote—the holder would have the right to obtain U.S. Government-guaranteed bonds in lieu of those issued by the Corporation. But the fundamental appropriation, which is very important, as I shall show in a moment, would involve only the fundamental seed money, the \$100 million investment in this Federal Limited-Profit Mortgage Corporation.

I contemplate that the Corporation would have authority to issue \$500 million worth of its bonds a year, and under the amendment as it is proposed the President would have the right at any time to add to that amount \$500 million a year, and on some portion of it an additional \$1,500 million, depending upon demand and depending upon the economic situation and the fiscal situation.

These bonds would be a prime investment, because similar bonds of public housing corporations are a prime investment today. The market will take just about as much of them as is desired to be issued in order to finance public housing units.

The money raised by the sale of the bonds will in turn be used as normal mortgage money for the purpose of financing middle income housing. Middle income housing is very much defined in the same way as it is in the 40-year, no-downpayment program under the pending bill. It relates to people who fall in that so-called gap between those who are eligible for public housing and those who cannot afford private housing which is available today. It is proposed to make mortgage money available at a low interest rate, to wit, the going rate

for Federal money, plus one-half of 1 percent for costs of administration.

It is expected that within a reasonable compass of time, perhaps a few years, it should be possible to sell \$2 billion worth of such bonds. These orders of magnitude are consistent with the public housing experience and the sale of bonds under the public housing program.

The \$2 billion in mortgage money should, of course, produce a very substantial amount of middle income housing. To give some idea as to what it can produce, I now refer to the New York program. The proposal in my amendment is essentially lifted from the New York program, which has been operative since 1955. In New York State it is called the Mitchell-Lama program, which has been very successful in my State. I emphasize State, rather than cities.

Up to now there have been financed some 30,000 units, and approximately \$450 million have been raised precisely in the fashion I have described the money would be raised through the Federal Limited-Profit Corporation, as proposed in my amendment.

Based upon this experience, we estimate the \$2 billion should be responsible for about 160,000 units, at the rate of about 40,000 units a year. In the State of New York, the voters have on two occasions actually supported the program by an overwhelming majority. They authorized \$450 million in the available mortgage funds which I have described.

That, in essence, is the plan.

There is one further point to which I should refer. It is very important. We should mention the people who are expected to be the promoters or the sponsors of these housing projects. In New York State our experience has been that those who are largely interested are trade unions. One of the most prominent sponsors of housing of this character, in a large measure, has been the Amalgamated Meat Cutters & Butcher Workmen; also cooperatives, because the plan lends itself to be turned into cooperatives, in the sale of the units to the members of the cooperative, which gets its mortgage money from the State—in this case of course from the United States.

However, the plan in New York State and the plan I propose here does not exclude private development. The only point with respect to private development is that the private developer is limited in his profit. He has, however, one advantage. At the end of 20 years he can redeem the whole project, if he can refinance it. So it does have, although limited, some attractiveness to private developers. In New York State the plan has had special attraction to insurance companies; also to employers, as private developers, because they find the plan very interesting, in that they can invest in private housing for their employees on a very desirable basis.

Mr. CASE of South Dakota. Mr. President, will the Senator yield for questions?

Mr. JAVITS. I yield.

Mr. CASE of South Dakota. The first question is this. As I understand the amendment which the Senator from New York has offered, it would strike out the provisions in the committee bill which would permit housing to be financed with nothing down and over a long period of years. For this provision the Senator's amendment would substitute a plan of housing which would be constructed by and owned by a U.S. corporation, to be known as the "Federal Limited Profit Corporation." Is that correct?

Mr. JAVITS. The Senator is correct in part, and incorrect in part. First of all, the housing would be neither constructed nor owned by the U.S. Corporation.

Mr. CASE of South Dakota. It would be owned by the applicant?

Mr. JAVITS. By individuals or by foundations or by trade union organizations, which could in turn cooperate with those who would occupy the housing. The only thing the U.S. Government Corporation would do would be to make available the mortgage money.

Mr. CASE of South Dakota. On page 31 of the Senator's amendment, under "Taxation of property," the Senator provides:

SEC. 712. All real property and tangible personal property of the Corporation shall be subject to State, county, municipal, or local taxation to the same extent according to its value as other similar property is taxed, and any real property shall be subject to special assessments for local improvements:

Would that mean that the housing project itself would be subject to taxes in the normal fashion, as any other private property?

Mr. JAVITS. Precisely.

Mr. CASE of South Dakota. What is the meaning of the sentence which states:

Except as to such taxation of real property and tangible personal property, the Corporation, including but not limited to its franchise, capital, reserves, surplus, income, assets, and other property, shall be exempt from all taxation now or hereafter imposed by the United States, or any State, county, municipality, or local taxing authority.

Mr. JAVITS. That relates to the Federal Corporation itself, the U.S. Corporation, rather than a corporation or entity which would own the developed property.

Mr. CASE of South Dakota. What kind of property is involved here?

Mr. JAVITS. It means its money in the bank, its mortgage papers, its desks, its offices—whatever it had in the way of property, including its franchise as a U.S. Government Corporation.

Mr. CASE of South Dakota. In my State we have two taxes which would normally be applicable but which the Senator's amendment might exempt. One is the money in credits tax. Individuals in my State who have money in credits or money on deposit or who own mortgages or other evidence of indebtedness to them are subject to the money in credits tax. Would the Senator's corporation be exempt?

Mr. JAVITS. Any corporation which owned a project financed under the proposed plan would not be exempt from

the tax specified by the Senator. The U.S. Government Corporation itself, which is the Corporation that sells the bonds and gets the money and lends the money to the entities, would be exempt from the tax, and it alone.

Mr. CASE of South Dakota. The other tax that we have in my State which would be applicable to a private individual would be the State sales tax. If an individual were buying office furniture or anything else, would he pay the State sales tax if the limited corporation which the Senator suggests for his amendment had an office in the State? Would its equipment and office supplies that were purchased be liable to the State sales tax?

Mr. JAVITS. No; just the same as the Department of Commerce or the Department of Labor would be exempt in the purchase of equipment in the State.

In that case, one would be dealing only with the desks and furniture of the Corporation itself.

Mr. CASE of South Dakota. I recognize that. With that limitation, it would not amount to so much.

Mr. JAVITS. It would not amount to anything.

Mr. CASE of South Dakota. However, there have been instances in which corporations having Government contracts have sought to avoid the State sales tax.

Mr. JAVITS. There would not be any such situation in this instance, because in my amendment I expressly provide to the contrary, so there could not even be an argument about it. I expressly make all property in a project subject to the normal taxation.

Mr. CASE of South Dakota. In a recent case, a company organized under the laws either of Delaware or New Jersey had a contract to construct a dam in South Dakota. The company objected to the payment of any personal tax on the property used in the construction of the dam. I think the tax amounted to more than \$11,000 over the period of time the company had its property in the State. They sought to escape payment of the tax with the argument that the corporation was organized in another State, and also that it was operating under a contract with the U.S. Government for the construction of the dam. Does the Senator from New York see any possible complication in an instance like that?

Mr. JAVITS. None whatever. Such an entity, if it were developing a project under this plan, would be fully subject to all taxation, without any hope, in my opinion, of making a colorable opposition to the imposition of the local tax.

Mr. CASE of South Dakota. Then, if a corporation were organized in Delaware or New Jersey to construct a housing project in Illinois, South Dakota, Kentucky, or any other State, the housing project itself, the equipment used in its construction, and the receipts of the corporation as a business enterprise within that State would be subject to local taxes, the same as if the corporation were organized in the State where the housing project was being built.

Mr. JAVITS. Now the Senator has extended the point. It would be sub-

ject to precisely the same tax as a corporation organized for private profit, not deriving its mortgage loan from the U.S. Government Corporation which I have named, would have been subject to, because if it is a foreign corporation, there are various questions of tax law which are quite apart from the fact that it draws its mortgage money from this Corporation.

Mr. CASE of South Dakota. But the Senator's amendment would not confer upon the foreign corporation any right or privilege which it would not get under other laws?

Mr. JAVITS. The Senator is precisely correct.

Mr. CASE of South Dakota. I thank the Senator from New York for answering the questions. His answers clarify the situation somewhat. I regard the proposal he has made as far superior to the provisions in the bill.

Mr. JAVITS. I am grateful to the Senator from South Dakota.

Mr. CASE of New Jersey. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. CASE of New Jersey. I refer the Senator to page 32, lines 6 to 9, of his amendment, which reads:

All notes, debentures, and other obligations of the Corporation shall be exempt, both as to principal and interest, from all taxation imposed by the United States, or any States, county, municipality, or local taxing authority.

I take it that means exempt from taxes in the nature of taxes on these obligations as property.

Mr. JAVITS. That is all; nothing further.

Mr. CASE of New Jersey. It does not mean that the holder of these obligations would be exempt from any tax on the interest.

Mr. JAVITS. Not at all. These are words of art, adapted from the public housing law, which provides for exactly the same situation.

In answer to a question which has been asked, this is an incidental aspect of the plan. It is similar to action which the Senate has taken on a number of previous occasions. I should like to key Senators to the occasions when the Senate itself originated legislation of precisely this character with respect to the very limited exemption which is related here. Those cases relate to the Federal land banks, the Federal intermediate credit banks, under the Federal Farm Loan Act; the Federal Home Loan Bank, the Federal Deposit Insurance Corporation, the Reconstruction Finance Corporation, and the Public Housing Administration itself.

In all those cases, the Senate acted precisely as I am asking the Senate to act in this matter, on a bill which was not a revenue raising bill, and did not have any of the connotations which we would run into if this were the central core of a plan. It is nothing but one peripheral aspect of it.

Mr. COOPER. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. COOPER. As the Senator explained the amendment, I think he

stated that it would be applicable to multiple unit housing of a cooperative type. Would it lend itself to the development of individual units of housing?

Mr. JAVITS. Yes; it would.

Mr. COOPER. Will the Senator explain how it would lend itself?

Mr. JAVITS. I will. It would be conducive to unitary sponsorship but to a diverse ownership. In other words, it would be impractical, and it is just as impractical under the 40-year, no-down-payment plan. When we begin to deal with mortgages which are below the market rate, we get into precisely the same situation. The agency says so. A unitary sponsor is needed who will sponsor the project. It might be called a high rise apartment, that is, a tall building having many apartments; or it might be a collection of separately standing houses. In the first instance, it would be necessary to have a unitary sponsor. Then that same facility, that unitary sponsor, could coordinate the units of an apartment house. He could cooperate in the sense of devolving individual ownership upon individual occupants in respect of a project.

The difference would be that he could not deal with one family, one home, as is done normally under the FHA, nor could he feasibly do it under the administration's own program, which we have just decided to keep in the bill. But I think, of course, we should strike it out in favor of this proposal.

That is a very important point. It is one of the major arguments made against my plan. It is exactly analogous to the situation which the administration itself faces. One could not conceivably deal with an individual owner or an individual, single family house on a less than market rate, with a 40-year, no-downpayment mortgage, because it immediately will flow into FNMA, as they themselves concede. So there is really no difference in the end result in terms of the two plans.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. JAVITS. I yield myself 5 more minutes.

Mr. COOPER. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. COOPER. As I understand, the mortgage Corporation could make funds eligible to operators defined in the bill. An eligible operator then could develop either multiple unit housing or, if possible, he could develop individual unit housing. The reason I have asked the question is that I think, as the Senator himself has said, it could be argued by the administration sponsors that their provision would enable individual housing to be built. I want to vote for the Senator's amendment. I think it is much better than the provision in the bill. But what would be the answer to the argument?

Mr. JAVITS. I point out again, as I did a moment ago, that in both cases, when we reach the element of the bill which deals with the moderate income

housing plan, precisely the same situation exists. One must deal with a central sponsor who will, in turn cooperate with the individual owner-occupant. This is actually what happens in New York. It is actually provided, by the amendment which I have offered, and it is precisely a pattern of the way this plan works. The individual sponsor has in many cases actually cooperated with the apartment house by letting each individual tenant own his own apartment. That is entirely feasible. The only purpose the sponsor has served is to be the recipient of the mortgage money and to be the constructor of the project.

This also leads to one other very important point.

Under my plan, once the Corporation is financed, it stands on its own bottom. It can be as big as the investors will back. It requires no Federal subsidy, which is a limitation in the public housing program. It can go on and grow, depending on the confidence and the substantiality of its operation. So it has a very fine private economic system tie-in.

Mr. MUSKIE. Mr. President, will the Senator from New York yield for a question?

Mr. JAVITS. In a moment. I wish to finish this thought.

It will be noted that I voted "nay" on the Capehart amendment, because I desire to have the bill contain a provision with reference to moderate-income housing. Now we are at the point where what can be done can be much improved. I do not want the bill to leave the Senate without making this landmark defense of a provision for moderate income housing. It is contemplated, under the 40-year plan, that FNMA will pick up all the mortgages which are issued at below market rates. It is known that that is the only way in which that can be done, so \$750 million is provided as an initial tranche for FNMA to do this. Immediately we see the great economy of the program which the Senator from Connecticut [Mr. BUSH] and I have proposed. I am sorry the Senator from Connecticut is not present, but I am grateful to him for his cosponsorship of the amendment, because our program takes \$100 million. I think even those who are opposed to the amendment—the administration representatives—will admit, whether they like our plan or not, for whatever reasons, that it will not produce less housing.

Yet it will be done with tremendous economy.

Now I yield to the Senator from Maine.

Mr. MUSKIE. The moment for my question has passed to a certain extent; but I shall ask whether it is true that under the proposal of the Senator from New York the mortgages could be for as long as 50 years.

Mr. JAVITS. Yes, and I am glad the Senator from Maine has emphasized that point, because it points up an important matter. I can understand the great opposition to the 40-year proposal, whereas I can see why there would be approval of the 50-year plan, because

under the 40-year plan there would not be a leaning of project on project, whereas under my plan there would be. Under my plan there would be a mutualization of risk. For instance, let us assume that the entire amount would be utilized for projects handled by a single borrower, so far as the handling of the bonds was concerned. In that event, if there were "in the deck" a weak project, it would be supported by the others, whereas under the 40-year arrangement, each project would stand on its own feet, and in that event the entire picture would be weaker.

I do not favor the argument, which has been made here, that in 40 years the houses would collapse. After all, in New York there are many excellent apartment houses which are 30, 35, or 40 years of age, and still are in excellent condition. For instance, the one in which I live is a very fine apartment house on the best street in New York, and it is 35 or 40 years old. In view of what I paid for it, I have every expectation that it will last another 35 or 40 years.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. JAVITS. Mr. President, I yield myself an additional 5 minutes.

The PRESIDING OFFICER. (Mr. HICKEY in the chair). The Senator from New York is recognized for an additional 5 minutes.

Mr. JAVITS. Mr. President, I feel that the risk of the FNMA under the 40-year plan is a much greater risk, because of the individuality of the investment.

In addition, the investor sanction is important. Under the administration's plan the only buyer would be FNMA, a Government agency; and if Congress appropriated the money, the FNMA would buy, but that would have no relationship to whether the project was being run well or being run badly or whether the security was good or was bad. If Congress appropriated the money, the plan would be put into effect and the mortgages would be placed, and the FNMA would pick them up.

But under this plan there will be only \$100 million of Government financing, and it would have to have solid investor acceptance; otherwise it would not work.

So this plan will utilize the private enterprise system, and will utilize it on the basis of real intelligence, and will constitute, so to speak, a check or balance, in view of the fact that the Government cannot always be in the area, to apply the checks and balances.

Furthermore, the plan I propose will provide only 90 percent of the cost of the project, and therefore will require some investment by the sponsors of the project. That is important. In addition, of course, a 6-percent return will be assured. But under the administration's plan, no return at all would be guaranteed the sponsors.

Furthermore, many of us who have had experience in this field realize that, on the basis of experience, in order to make viable such a proposal for housing for

families of moderate income, it is necessary to have, in addition to a low interest rate—although a low interest rate is probably the most important factor, and such a rate is assured under the plan I have proposed—also the hope of making some arrangement with municipalities for lower tax rates—which would be of great advantage to municipalities, in encouraging the development of such projects; and in addition, there is need for the power of condemnation, in order to make possible the purchase of land at a reasonable price, and in units of sufficient size, and in strategic locations, so as to make the projects viable.

Under the plan I am proposing, in the State of New York we have already seen that such sponsorship is precisely the most conducive to the making of such arrangements with the municipalities, and is the most conducive to obtaining from the State the condemnation authority. The plan I am proposing has experience behind it, and therefore provides that the sponsoring agency may be a State agency, or it may operate through a State agency. That is precisely what would happen in the State of New York, and that might be true in other States.

So this plan has that great element of flexibility and also that great power to attract what is really needed in order to make modern income housing successful.

Another point which I think is very important in this entire area is that, frankly, the administration plan deals with an experiment. In that connection, we find that the committee states very frankly, on page 4 of the report:

The committee, therefore, feels that it would be wise to treat this new program as an experimental one which could be reviewed by the Congress before extension beyond July 1, 1963.

And on page 3, the committee itself calls this program—that is to say, the 40-year, no-downpayment program—"temporary, experimental." The committee itself calls it that; and it is that, indeed; whereas the program I am proposing to the Senate is a tried program with which there has been experience, and under which homes for people have been built with great success, and it has actually been working.

The Senator from Alabama has argued that the State of New York is not the United States. Of course I agree; but the State of New York is a very big laboratory—in fact, the largest the Congress will ever find in which to try out, as a pilot plant, such a program. The Empire State is really an empire; it stretches 450 miles from north to south, and 450 miles from east to west, and has a population of 17 million—larger than most countries in the world, and has farms, factories, large cities, and small cities. This program has been a State of New York program, and it has been twice approved by the voters of New York State.

So if Senators are looking for a plan proven by experience and one which has actually been demonstrated to have great viability, the Senate should certainly

take this program, rather than the administration's program.

The **PRESIDING OFFICER.** The additional time of the Senator from New York has expired.

Mr. JAVITS. Mr. President, I yield myself an additional 5 minutes.

The **PRESIDING OFFICER.** The Senator from New York is recognized for an additional 5 minutes.

Mr. CASE of New Jersey. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. CASE of New Jersey. First, I wish to commend the Senator from New York for his great contribution. I think the substance of his amendment is excellent, and it reflects great credit upon him and upon the experience with these programs under both Republican administrations and Democratic administrations in New York.

One point which is particularly interesting is the possibility of single-family ownership of single dwellings under this program. Has the Senator from New York had sufficient experience with such projects to be able to give us an estimate as to the possibility that that would happen?

Mr. JAVITS. Yes, because these projects in New York have been cooperative. In short, the sponsors of these projects in New York have, in a number of cases, developed the ownership of the individual unit upon the individual occupant, by arrangement with him. This shows the flexibility of this arrangement.

So, again, this shows that we are dealing with an actuality, rather than an experiment. Therefore, I see no reason why it could not be applied to the entire Nation.

Although this program in New York originated under Governor Dewey, it has also been developed during the administration of Governor Harriman, a Democrat, and now during the administration of Governor Rockefeller. So I believe the program has shown its durability in terms of political sponsorship. But I say to the Senator from New Jersey—and I do not think I am suspected of blind partisanship, after all these years—that I am quite proud to be presenting this program, because I think the Senator from New Jersey, the Senator from Kentucky, and others of us take great pride in being able to present alternatives which will truly do the job the people need to have done, and at the same time will have greater consideration for the private enterprise system and its place in terms of performing better for the welfare of the people than would be done—and I think this is evident—under many of the administration's programs, which have come from the other side of the aisle.

So I think this is a splendid illustration of what that principle, which we have often stated, actually means in practice.

Mr. CASE of New Jersey. I thank the Senator from New York.

Mr. JAVITS. I should like to conclude by summing up the matter as follows: On Friday, the Senator from

Alabama [Mr. SPARKMAN], a great friend of housing, and the floor manager of the bill, and I had a colloquy here in the Senate Chamber; and at that time the Senator from Alabama said something which I think is rather well recognized in this situation. He said, in effect, "Have patience. A Senator may have a good idea, but it takes a long time for even a good idea to become law." And he stated, as an example, that for 10 years he had been trying to get enacted into the law the idea behind the Small Business Development Corporation. After 10 years the program was legislated, and it is now very well underway, and it promises to be very successful and very important to small business.

So I feel the same way about this program. It has been around, and we have tried it for some time.

Last year, in 1960, I was joined in its sponsorship by a colleague of mine on the other side of the aisle, the Senator from Pennsylvania [Mr. CLARK], who, quite properly and quite understandably, cannot join me this time because he feels the administration has come forward with its own program, which he wishes to support.

Whether as a result of his joining me or not, I do not know, but, in any case, the committee actually reported this program as a separate bill last year, toward the close of the session, but it could not be reached in time.

The **PRESIDING OFFICER.** The time of the Senator has expired.

Mr. JAVITS. I yield myself 2 more minutes.

I have a real feeling that there is a great deal of opposition to this proposal because it is a proposal which did not spring from the administration. I wish it had. It would be much easier for me.

I deeply feel, considering the issue involved, considering the fact that, as the Senator from Alabama so properly said, an enormous proportion, at least half, of the American people, are not able to have the housing which we believe in as such a great fortress of freedom in our own country, that a plan of the character such as I have proposed commends itself on so many grounds that it should rise superior to the fact that it was not an administration program.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. CLARK. I shall be happy to have my comments charged against the time of the opponents of the amendment, and I yield myself 3 minutes against the amendment for that purpose.

Mr. JAVITS. I reserve the remainder of my time.

Mr. CLARK. What the Senator from New York has said is correct. I was happy to be a cosponsor of his proposal last year. We did get it out of committee. We hoped to get it enacted into law. It is just as good a program now as it was then. If the Senator from New York were advocating this proposal as an additional method dealing with moderate income housing, I should support it this year, as I did last year. Unfortunately, the Senator's amendment is really to

propose the middle or moderate income housing program as a substitute for the administration bill.

I have become quite sincerely convinced—I know my friend does not doubt it—that the administration approach is a better approach, largely for the reason testified to by Mr. Weaver, as contained in the letter which appears at pages 106 and 107 of the hearings on this measure.

However, I commend the Senator from New York for insisting on this proposal. I think it obviously is a success in New York. I am not at all sure it would be successful in other States where economic and social conditions are different. I think it would be an experiment to try elsewhere, outside of New York.

I regret that my friend did not want to propose his measure as an additional remedy, or as an additional form of dealing with moderate income housing, rather than a substitute, because it is a substitute. I regret I shall have to vote against it.

Mr. JAVITS. Mr. President, I yield myself 2 minutes to reply to the Senator from Pennsylvania.

First, I am entirely understanding of his position. I think I said that in my main argument. I have the highest regard for his sincerity in seeking housing, just as I do. We are together many times. My reason for proposing my amendment as a substitute, rather than as an addition, is that I feel that, practically, if I am really serious—and I am in this matter—we shall be running the risk of being charged with breaking the back of the bill with another large program additional to that contemplated by the administration. So, in fairness, because I felt strongly about its desirability, I felt my proposal had to be made as a substitute. Also, in all sincerity, I feel it can do everything the administration is proposing to do in this 40-year program, and do it as well.

If the Senator in charge of the bill would like to use some of his time, I should like to reserve the remainder of my time.

Mr. SPARKMAN. Mr. President, may I ask the Senator from New York what his thought is? I do not have any idea of talking at length, and I wondered to what extent the Senator from New York intended to continue the debate. May I say, in all frankness, I have said about all I can say on this measure.

Mr. JAVITS. I have 20 minutes left. I had hoped the Senator would make any argument he desired to make. I had hoped then to have a quorum call. I had hoped then to sum up, which should not take more than 10 minutes, and then to have the vote.

Mr. SPARKMAN. Mr. President, I yield myself 5 minutes.

I find it difficult to debate this question, because the Senator from New York knows I have considerable sympathy with his proposal. I have heard the presentation as to how a similar program works in the State of New York. I have stated here many times my commendation of the Senator from New York for pressing this program. I have said, very frankly—and I am sincere in it—that I doubt very seriously that this

program would take hold over the country as a whole. I can see it as being a good program in a concentrated area, particularly where there is a concentration of financial institutions, which would give the program the financial support it needs. But I should think there would be considerable delay and slowness in organizing the cooperatives, or the limited-dividend corporations, in many areas of the country.

I have felt, and the committee felt, that the choice was between the 40-year, no-downpayment plan and the plan offered by the Senator from New York. Frankly, we regarded them as alternative plans.

Mr. CLARK. Mr. President, will the Senator yield for a question?

Mr. SPARKMAN. I yield.

Mr. CLARK. There has been much criticism on the floor of the fact that the administration's plan calls for 40-year mortgages. Is it not true that the plan of the Senator from New York contemplates 50-year mortgages and, under certain circumstances, 60-year mortgages?

Mr. SPARKMAN. The Senator from New York can answer that question. I believe that is correct. That fact does not greatly disturb me, but, nevertheless, there is that difference.

At any rate, the majority of the committee decided the better alternative was the plan proposed by the administration, which, by the way, was the same plan that was proposed by the Eisenhower administration, and that it was preferable to the other plan, for the country as a whole. Therefore we came to the Senate with the 40-year, no-downpayment plan.

We have had a vote on the first amendment relating to it. We have weathered that storm. I hope we shall weather the other storms and that the bill will become the law.

Let me say to the Senator from New York that I join in wishing what he expressed earlier today, or perhaps it was yesterday. He said that he hoped that, even though his proposal did not become the law this time, we would continue to work in that direction, and that at some time it would become the law.

It seems to me it is a long-range program that might very well be considered, and certainly it might be considered if the experiment we are trying should not be successful. Certainly, for the time being, I do not believe we should adopt the substitute.

I reserve to myself the unused time.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. JAVITS. Mr. President, I yield 5 minutes to the cosponsor of the amendment. I wish to tell my colleague how grateful I am to him for joining me.

Mr. BUSH. Mr. President, I thank the Senator. I am grateful to the Senator from New York for permitting me to be a cosponsor of the amendment.

I shall not speak at length, Mr. President. I know the Senator from New York has made an exhaustive statement in favor of it. I know his philosophy

about the amendment, and I fully support his position on it.

To me the important thing is that the Javits-Bush amendment proposes to use funds from the investment market to finance housing operations. In contrast, the bill would turn toward the Federal Treasury once more with another new program. The bill acknowledges that fact by authorizing an additional \$750 million of special assistance funds to finance the program. From the standpoint of the taxpayers, I think the Javits-Bush amendment is highly preferable.

I pointed out earlier today that FNMA, at the end of the year, owned some \$6.9 billion worth of mortgages. This is the highest figure I have seen recorded. Each year the figure seems to go higher. There seems to be a race between FNMA and the Commodity Credit Corporation, to see which can accumulate the greatest amount of surpluses. The Commodity Credit Corporation is accumulating agricultural surpluses, and FNMA is accumulating mortgage surpluses.

The Javits-Bush amendment is designed to check the trend and to set up a procedure which will invite, and really command, the funds of the savers of this country to finance housing enterprises. I think it is a very sound approach, infinitely preferable to the approach provided in the bill, and much better from the standpoint of the taxpayers. I think it will be much better from every angle one can possibly look at the program. I strongly endorse the amendment, and I hope the Senate will approve it.

Mr. SPARKMAN. Mr. President, I yield 5 minutes to the Senator from Colorado.

Mr. CARROLL. Mr. President, there is no section of S. 1922, the Housing Act of 1961, more significant than section 401, college housing.

From its inception in 1950, the college housing loan program has provided dormitory accommodations for over 380,000 college students from every State of the Union.

In my own State of Colorado, over 9,500 college students are now living in dormitory facilities financed with the assistance of this program.

The following colleges have received loans ranging from \$200,000 to \$2 million for the construction of dormitories, dining rooms, and student unions:

Colorado School of Mines, Golden.
University of Colorado, Boulder.
Colorado State University, Fort Collins.
Colorado College, Colorado Springs.
Western State College, Gunnison.
Loretto Heights College, Loretto.
Colorado State College, Greeley.
Regis College, Denver.
Colorado Woman's College, Denver.
Fort Lewis A. & M. College, Durango.
University of Denver, Denver.
Adams State College, Alamosa.
Pueblo Junior College, Pueblo.

The value of these loans to the colleges and universities of Colorado total \$37,-875,000.

In this time of high challenge to our liberties and our Nation, it is of the very highest importance that our youth be

provided with the education—the knowledge and skills—which it will need to meet the pressures and forces of our times.

In 1960, our Nation had 3,600,000 students at college or university. It is expected that, by 1970, we shall have over 6 million college students.

At least a quarter of these additional students will need new dormitory facilities, and although at least three-fourths of these accommodation needs can and will be met from non-Federal sources, there is still urgent need for the continuation of this program.

Mr. President, I am pleased that the bill before us today provides for this need. In the coming years, education will be the all-important weapon and our colleges must be assisted with the means to provide training second to none in the world.

This college housing loan program is not only good sense; it is good business. Since the inception of the program in 1950, over \$1,301 million have been loaned to academic institutions without a single default either in payment of

principal or interest. The colleges in Colorado alone have repaid \$1,297,000 of these loans and have paid \$3,190,109.49 in interest.

With the unanimous consent of the Senate, I should like, at this point of the debate, to insert a summary of the approved loans to institutions in my own State of Colorado, with the amount of loan and the number of students benefiting therefrom.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

COLLEGE HOUSING PROGRAM

Approved loans, Colorado

Institution and location	Federal funds	Scope
Colorado School of Mines, Golden	\$200,000	84 men.
University of Colorado, Boulder	350,000	36 faculty.
Colorado State University, Fort Collins	1,320,000	400 women, 4 faculty, dining.
Colorado College, Colorado Springs	576,000	155 men.
University of Colorado, Boulder	2,200,000	900 men, dining.
Colorado State University, Fort Collins	1,320,000	408 men, 4 faculty, dining.
Western State College, Gunnison	394,000	174 women.
Colorado College, Colorado Springs	1,152,000	258 women, dining.
Loretto Heights College, Loretto	1,090,000	254 women, dining.
Colorado State College, Greeley	2,600,000	558 women, dining (900).
Regis College, Denver	909,000	214 men, college union dining (400).
Colorado State University, Fort Collins	1,250,000	412 men, dining.
Do	1,250,000	Do.
Colorado Woman's College, Denver	335,000	122 women.
Fort Lewis A. & M. College, Durango	806,000	124 men, 60 women, 20 student families, college union dining.
University of Colorado, Boulder	1,009,000	116 student families.
Western State College, Gunnison	631,000	120 men, 132 women.
Colorado School of Mines, Golden	259,000	84 men.
Colorado State University, Fort Collins	1,350,000	412 women, dining.
University of Denver, Denver	1,685,000	216 men, 216 women, dining (346).
Colorado College, Colorado Springs	750,000	89 men, college union dining.
Colorado State University, Fort Collins	2,000,000	College union dining.
Adams State College, Alamosa	458,000	52 student families.
Pueblo Junior College, Pueblo	600,000	College union dining.
Colorado State University, Fort Collins	1,450,000	150 student families.
Colorado State College, Greeley	435,000	150 men.
Adams State College, Alamosa	1,330,000	100 men, 88 women, 28 student families, dining (588).
Western State College, Gunnison	1,780,000	452 women, dining (440).
Fort Lewis A. & M. College, Durango	514,000	124 men, 60 women, 12 student families, college union addition.
Colorado College, Colorado Springs	398,000	105 men.
University of Denver, Denver	2,985,000	324 men, 324 women, dining (453).
Colorado State University, Fort Collins	1,867,000	476 women, dining.
Colorado State College, Greeley	2,125,000	504 women, dining.
Adams State College, Alamosa	587,000	100 men, 66 women.
Total	37,875,000	

Reservations of funds, Colorado

Institution and location	Federal funds	Scope
Adams State College, Alamosa	\$1,500,000	Housing for 288 men, 96 women, 36 student families.
Colorado School of Mines, Golden	2,275,000	240 men, 75 student families, college union with dining.
Loretto Heights College, Loretto	1,200,000	250 women.
Colorado Woman's College, Denver	784,000	180 women, dining hall addition.
University of Colorado, Boulder	3,000,000	228 student families.
Fort Lewis A. & M. College, Durango	635,000	200 women, remodeling of dining.
Regis College, Denver	900,000	214 men, addition to college union with dining.

Mr. CARROLL. Mr. President, I am convinced that an important part of our Federal housing program is found in the respected low rent projects built and maintained with the assistance of the Public Housing Administration.

It is public housing which provides for the very poor, for families with the lowest incomes.

In the U.S. Housing Act of 1937, the Congress approved a program to provide decent, safe, and sanitary homes within the financial reach of families of low income.

It is this program which is administered by the Public Housing Administration, working in cooperation with local

housing authorities. Housing is financed, to as large a degree as possible, through private investment secured by Government commitments. These, along with direct Public Housing Administration loans to the local authority and annual Public Housing Administration contributions in the form of grants serve to insure the low-rent character of the units.

In my own State of Colorado, Mr. President, 3,470 dwelling units have been built under Public Housing Administration authority. Forty-seven more are under construction, and plans are progressing for the construction of 863 additional units throughout the State.

This is a total of 4,380 units—and

units, Mr. President, are homes. Low income families—the elderly, the handicapped, veterans, and those displaced by urban renewal—these people receive housing with health and safety standards which they otherwise would not have, at a rent which they can afford to pay.

The city of Denver alone, in its planning for urban renewal, has signed a preliminary loan contract for the construction of 500 units for those citizens who will be displaced by the renewal program.

The cities of Trinidad and Walsenburg, in economic distress because of a continuing slump in the coal industry, have signed preliminary contracts with

the Public Housing Administration for the construction of 160 units—60 for Walsenburg, 100 for Trinidad. These houses will provide adequate shelter for many of those who are feeling the full weight of the towns' distress.

Pueblo has plans in readiness for the construction of 103 units. In various stages of planning are 40 units in Alamosa, and 60 in Lamar.

Mr. President, Housing Administrator Weaver said in his testimony before the Senate Subcommittee on Housing that

"more public housing is needed if we are to redeem the 1949 pledge of a decent home for everyone and if we are to proceed at a rapid pace with the clearance of slums and rehousing of low-income facilities displaced by these activities."

For this reason, Mr. President, and because of the benefits this program has brought to Colorado, I support the action taken by the committee in section 205 of this bill recommending the authorization of the Public Housing Administration to contract for 100,000 addi-

tional units, an authorization originally provided for in the 1949 Housing Act.

At this time, I request unanimous consent to include in the RECORD at this point some figures which the Housing and Home Finance Agency has assembled for me on the operation of the Public Housing Administration program in Colorado.

There being no objection, the figures were ordered to be printed in the RECORD, as follows:

Low-rent project directory, Colorado, as of Dec. 31, 1960

Location, local authority or manager, and project name	Project No.	Program	Active dwelling units				Move-out rate	Race	Utilities included in rent					End of initial operating period	Fiscal year ends
			Total	Under develop-ment		Under manage-ment			Hot water	Heat	Cook-ing fuel	Light	Refriger-ation		
				Precon-struction	Con-struction										
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Denver, Housing Authority, city and county of:															
Las Casitas.....	1-1	USHA	184			184	4.8	0	X	X	X	X	X	6-43	D.
Platte Valley Homes.....	1-3	USHA	77			77	2.9	0	X	X	X	X	X	9-42	D.
Arapahoe Courts.....	1-4	USHA	76			76	2.9	0	X	X	X	X	X	9-42	D.
Curtis Park Homes.....	1-9	HA49	450			450	2.9	0	X	X	X	X	X	3-54	D.
Columbine Homes.....	1-5	HA49	200			200	2.5	0	X	X	X	X	X	3-53	D.
West Ridge Homes.....	1.6	HA49	200			200	3.6	0	X	X	X	X	X	3-52	D.
James Quigg Newton Homes.....	1-7	HA49	400			400	3.1	0	X	X	X	X	X	6-52	D.
Sun Valley Homes.....	1-8	HA49	200			200	3.0	0	X	X	X	X	X	12-52	D.
South Lincoln Park Homes.....	1-10	HA49	270			270	2.9	0	X	X	X	X	X	6-54	D.
Westwood Homes.....	1-11	HA49	257			257	3.8	0	X	X	X	X	X	3-54	D.
Sun Valley Homes Annex.....	1-12	HA49	220			220	4.4	0	X	X	X	X	X	9-56	D.
Benjamin F. Stapleton Homes.....	1-13	HA49	290			290	4.1	0	X	X	X	X	X	6-55	D.
Lincoln Park Homes.....	1-2	USHA	346			346	1.8	0	X	X	X	X	X	3-41	D.
Do.....	1-2A	USHA	76			76	1.8	0	X	X	X	X	X	12-42	D.
Pueblo, Housing Authority, city of (CO):															
Sangre de Cristo Homes.....	2-1	HA49	224			224	4.7	0						12-53	D.
Do.....	2-2	HA49	150	150											

Low-rent projects, State of Colorado—Additional contracts executed Dec. 31, 1960, to May 31, 1961

Location	Number of units	Program reservation (date issued)	Preliminary loan contract (date executed)
Denver.....	500	February 1961.	April 1961.
Alamosa ¹	240	January 1961.	January 1961.
Lamar.....	60	do.....	February 1961.
Trinidad ¹	100	do.....	Do.
Walsenburg, ¹	60	December 1960.	January 1961.
Pueblo.....	760	(4)	(4)

¹ Scheduled for annual contributions contract before end of fiscal year.

² 10 for elderly.

³ 20 for elderly.

⁴ Of the 150 units under preconstruction (see "Project Directory"), 47 went under construction in March 1961 (6 of these 47 for elderly). The other 103 units are not yet under construction.

Mr. CARROLL. I thank the able Senator from Alabama for his courtesy in giving me the opportunity to make a record not only in the national interest but also in the interest of the State of Colorado.

Mr. JAVITS. Mr. President, I ask unanimous consent that there may be a quorum call, without the time being charged to either side.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York? The Chair hears none, and it is so ordered.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SPARKMAN. Mr. President, I ask that the order for the quorum call be rescinded, and that the time consumed in the quorum call not be taken from either side.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. JAVITS. Mr. President, I yield myself 10 minutes to conclude my argument. I hope then to hear the Senator from Alabama [Mr. SPARKMAN] and unless he presents something to which I must reply, I shall yield back the remainder of my time, and assume that he will do likewise.

I should like to sum up as follows: By now it is well known that the plan which I have proposed is an alternative to the administration's plan for moderate income housing. My amendment provides for a Federal Limited-Profit Mortgage Corporation, which would be financed with \$100 million of stock investment by the Federal Government. The Corporation would have power to issue bonds, which it is expected would raise \$2 billion from the public over a period of time. The Corporation would then lend the money to cooperative entities—foundations, trade unions, and similar organizations—to build model income housing with restrictions on

rents and on the admission to that housing being of middle income families and the elderly.

My program is to be juxtaposed to the administration's program, which has been much discussed. I think it can probably be best summed up as follows:

First, this is the first time we are really considering seriously a moderate income housing program, and the need has been very firmly established. The need extends roughly to 50 percent of American families. So whether my plan or the administration's plan is considered, we would minister to an established need.

Second, the need is for either rental housing or sales housing which is within the reach of moderate income families. I deeply believe that upon that ground my proposal has the best opportunity for satisfying the need.

I should like to state the criteria which I have established in that regard.

First, Shall it be an experimental program or shall it be the product of experience?

Of the two programs before the Senate, mine is a product of experience. It has been used and tried out in the State of New York for 6 years. It has resulted in the construction of or having under construction, 30,000 units as a result of \$450 million raised from the public. My proposal is certainly not an experimental program, whereas the administration's 40-year, no-downpayment

program is definitely experimental. Representatives of the administration say so themselves. They do not know whether it would work or not.

Second, Shall it be a governmental program or shall it be a private enterprise program?

The administration's program is a governmental program. It would depend entirely for its viability upon purchase by FNMA of all the mortgages which are issued at interest rates below market; and unless such mortgages are issued at interest rates below market, we would not help moderate income housing, because that is the way in which we would save the money which is required to make it housing qualified for moderate income families.

My program would depend upon sales to private investors. The Government investment is relatively small. So the private economic system would carry the responsibility.

In addition, it would give us the advantage of having the sanction of private investors' acceptance of the proposed mortgage obligations in order to demonstrate that the plan is being operated right, efficiently, and honestly. Otherwise, it would not receive that acceptance. If the program did not get that acceptance, the program would not operate. Whereas, under the administration plan, if money were fed into FNMA, the program would operate even if it were a bad one.

Third, Shall there be a downpayment or shall there be none? Many Senators are disquieted about the 40-year, no-downpayment plan.

Under my program, we would have a provision for a 90-percent loan. Under the administration's program, there would be a 100-percent loan. I think the difference is significant.

The reason the plan is viable under my program is that there would be an assured rate of return of 6 percent, whereas under the administration's program, we would not be dealing with that kind of area or sponsor.

Fourth, Shall the program have an opportunity to obtain municipal help? Under the administration's program, with the use of FHA, there would be nothing special about that possibility, except what is provided under the terms of the policy. Under my proposed program there would be a unique and distinct effort with a unique and distinct sponsor, which has in the State of New York enlisted municipal cooperation by tax provisions and the power of condemnation. Such action is logical because we would be dealing with the sponsoring of a large-scale project, deriving money directly from a Government-owned corporation.

Finally, Shall it be expensive or inexpensive? The administration's program calls for an appropriation of \$750 million. My program calls for a \$100 million appropriation. Yet the amount of housing is entirely equal in terms of its potential. We would get at least as much housing. I believe we would get a great deal more under my proposed program than we would under the program proposed by the administration.

As we take all of these points and analyze them in terms of the merits of the proposal, we almost come to this conclusion. I make this statement without rancor and without bitter criticism, but I think it is only fair to say that the administration said:

What kind of proposal can we dream up that is not like the proposal that was reported out by the Committee on Banking and Currency for moderate income housing in 1960?

It dreamed up the 40-year, no-down-payment proposal with a less than market interest rate and brought it to us. The only distinction it has in any way is the fact that it is different. It is certainly not better. It is much worse in every way that I have described. The only distinction it has is that it is different. I deeply hope that my friends on the other side of the aisle will not take a very poor administration program merely because it is different.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. SALTONSTALL. The Senator has several times mentioned public cooperation, and public investment or municipality or State investment. What is the proportion in New York State, where the plan is in operation, as between private investment and tax raised investment?

Mr. JAVITS. In the State of New York all of these projects, I believe, without exception, have been privately sponsored, and in practically all cases they have been able to work out deals with municipalities for tax abatement, because the municipality gets a big advantage in the improvement of its slum and blighted property. In most cases it has fundamentally been a privately sponsored proposition, largely in the nonprofit field. However, it is an entirely viable program for private individuals who are willing to take a limited rate of profit. They have the advantage, however, at the end of 20 years, of being able to refinance the project and have it as a completely private project.

Most of the projects have been sponsored by trade unions or groups of people who get back the property as a cooperative, and then in turn there is a further devolution down to the individual occupant, in his ownership of individual property, a cooperative apartment.

Mr. SALTONSTALL. The municipality has not had to take over any of the property?

Mr. JAVITS. No; this has been a remarkably successful program in 6 years, with 30,000 units built or under construction, and the voters of the State of New York have twice by statewide referendum approved the program and have increased the amounts which were made available.

Mr. SALTONSTALL. The municipalities' participation has been in the form of tax abatement?

Mr. JAVITS. Yes; because it has been to their advantage to do so. This feature is not present in the administration plan.

Mr. President, I reserve the remainder of my time.

Mr. SPARKMAN. Mr. President, if the Senator from New York is willing to yield back the remainder of his time, I am willing to do so.

Mr. JAVITS. I yield back the remainder of my time.

The PRESIDING OFFICER. All time for debate on the amendment has expired. The question is on agreeing to the amendment offered by the Senator from New York. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN (when his name was called). On this vote I have a pair with the Senator from Minnesota [Mr. HUMPHREY]. If he were present and voting, he would vote "nay"; if I were at liberty to vote, I would vote "yea." I withhold my vote.

Mr. YOUNG of North Dakota (when his name was called). On this vote I have a pair with the junior Senator from Idaho [Mr. CHURCH]. If he were present and voting, he would vote "nay"; if I were at liberty to vote, I would vote "yea." Therefore, I withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senator from West Virginia [Mr. BYRD], the Senator from Idaho [Mr. CHURCH], and the Senator from Minnesota [Mr. HUMPHREY] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY] is necessarily absent.

On this vote, the Senator from West Virginia [Mr. BYRD] is paired with the Senator from Wisconsin [Mr. WILEY]. If present and voting, the Senator from West Virginia would vote "nay" and the Senator from Wisconsin would vote "yea."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Vermont [Mr. AIKEN]. If present and voting, the Senator from New Mexico would vote "nay" and the Senator from Vermont would vote "yea."

Mr. KUCHEL. I announce that the Senator from Vermont [Mr. AIKEN] is absent by leave of the Senate on official business.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Kansas [Mr. CARLSON], and the Senator from Wisconsin [Mr. WILEY] are absent on official business.

On this vote, the Senator from Vermont [Mr. AIKEN] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Vermont would vote "yea" and the Senator from New Mexico would vote "nay."

On this vote the Senator from Wisconsin [Mr. WILEY] is paired with the Senator from West Virginia [Mr. BYRD]. If present and voting, the Senator from Wisconsin would vote "yea" and the Senator from West Virginia would vote "nay."

The result was announced—yeas 25, nays 64, as follows:

[No. 62]

YEAS—25

Allott	Cotton	Mundt
Beall	Curtis	Prouty
Bennett	Dworshak	Saltonstall
Boggs	Goldwater	Schoeppel
Bush	Hruska	Scott
Butler	Javits	Smith, Maine
Case, N.J.	Keating	Williams, Del.
Case, S.Dak.	Kuchel	
Cooper	Morton	

NAYS—64

Anderson	Hickenlooper	Morse
Bartlett	Hickey	Moss
Bible	Hill	Muskie
Burdick	Holland	Neuberger
Byrd, Va.	Jackson	Pastore
Cannon	Johnston	Pell
Capehart	Jordan	Proxmire
Carroll	Kefauver	Randolph
Clark	Kerr	Robertson
Dodd	Lausche	Russell
Douglas	Long, Mo.	Smathers
Eastland	Long, Hawaii	Smith, Mass.
Ellender	Long, La.	Sparkman
Engle	Magnuson	Stennis
Ervin	Mansfield	Symington
Fong	McCarthy	Talmadge
Fulbright	McClellan	Thurmond
Gore	McGee	Williams, N.J.
Gruening	McNamara	Yarborough
Hart	Metcalfe	Young, Ohio
Hartke	Miller	
Hayden	Monroney	

NOT VOTING—11

Aiken	Carlson	Humphrey
Blakley	Chavez	Wiley
Bridges	Church	Young, N. Dak.
Byrd, W. Va.	Dirksen	

So the amendment offered by Mr. JAVITS, for himself, and Mr. BUSH, was rejected.

SUBCOMMITTEE MEETING DURING SENATE SESSION TOMORROW

Mr. MANSFIELD. Mr. President, because of unusual circumstances, I ask unanimous consent that the Subcommittee on the Judiciary of the Committee on the District of Columbia may be permitted to sit during the session of the Senate tomorrow.

The PRESIDING OFFICER. Is there objection?

Mr. DIRKSEN. Mr. President, I am aware of the circumstances. I shall not object.

The PRESIDING OFFICER. Without objection, it is so ordered.

ANNOUNCEMENT OF CONSIDERATION NEXT WEEK OF NOMINATIONS OF JOSEPH C. SWIDLER AND HOWARD MORGAN

Mr. MANSFIELD. Mr. President, I announce the intention of the leadership to call up next week the nominations of Joseph C. Swidler, of Tennessee, to be a member of the Federal Power Commission for the remainder of the term expiring June 22, 1965, and of Howard Morgan, of Oregon, to be a member of the Federal Power Commission for the remainder of the term expiring June 22, 1963, vice Paul A. Sweeney. I hope the announcement will put the Senate on notice that such action is contemplated.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

RESOLUTION OF RHODE ISLAND GENERAL ASSEMBLY

Mr. PELL. Mr. President, on behalf of the distinguished senior Senator from Rhode Island [Mr. PASTORE] and myself, I ask unanimous consent that House Resolution 1118 recently passed by the General Assembly of the State of Rhode Island and Providence Plantations, entitled "Resolution memorializing the Congress of the United States to make available for bid to police and fire departments of the respective States all surpluses after the needs of civilian defense, school and others now receiving them have been satisfied," be inserted in the RECORD.

I trust that the appropriate departments of the Government will give most serious consideration to making available surplus property to police and fire departments after the needs of other agencies now using surplus property have been satisfied.

There being no objection, the resolution was referred to the Committee on Government Operations, and, under the rule, ordered to be printed in the RECORD, as follows:

HOUSE RESOLUTION 1118

Resolution memorializing the Congress of the United States to make available for bid to police and fire departments of the respective States all surpluses after the needs of civilian defense, schools, and others now receiving them have been satisfied

Whereas all surpluses, after the needs of civilian defense, schools, and other units now using said surpluses have been satisfied, should be submitted by bid to police and fire departments of the respective States to augment their essential facilities for the protection of life and property: Now, therefore, be it

Resolved, That the General Assembly of the State of Rhode Island and Providence Plantations respectfully requests the Senators and Congressmen from Rhode Island in the Congress of the United States to give consideration to the purpose of this resolution; and be it further

Resolved, That duly certified copies of this resolution be transmitted by the Secretary of State to the units of the Federal Government under whose jurisdiction such surpluses are allocated, asking that special attention be given to the enacting of necessary legislation to activate this request.

REPORT ENTITLED "THE ROLE OF SMALL BUSINESS IN GOVERNMENT PROCUREMENT—1961" (S. REPT. NO. 355)

Mr. SMATHERS. Mr. President, on behalf of the Select Committee on Small Business, I submit a report entitled "The Role of Small Business in Government Procurement—1961," and ask that it be printed.

The PRESIDING OFFICER. Without objection, the report will be received and printed, as requested by the Senator from Florida.

HOUSING ACT OF 1961—AMENDMENT

Mr. LAUSCHE submitted an amendment, intended to be proposed by him, to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENT OF NATURAL GAS ACT, RELATING TO HEARINGS CONCERNING THE LAWFULNESS OF NEW RATE SCHEDULES—ADDITIONAL COSPONSORS OF BILL

Mr. CARROLL. Mr. President, I ask unanimous consent that at the next printing of the bill (S. 1946) to amend section 4(e) of the Natural Gas Act relative to hearings concerning the lawfulness of new rates schedules, the names of Senators MCCARTHY, CLARK, MORSE, and PELL be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

ESTABLISHMENT OF PEACE-BY-INVESTMENT CORPORATION—ADDITIONAL COSPONSOR OF BILL

Mr. JAVITS. Mr. President, I ask unanimous consent that the Senator from Rhode Island [Mr. PELL] be joined as a cosponsor of S. 1965, the so-called peace-by-investment bill, of which I am the principal sponsor, and that at the next printing of the bill his name may appear.

The PRESIDING OFFICER. Without objection, it is so ordered.

NOTICE OF HEARINGS ON CERTAIN NOMINATIONS BY COMMITTEE ON THE JUDICIARY

Mr. ERVIN. Mr. President, on behalf of the Subcommittee on Constitutional Rights of the Committee on the Judiciary, I desire to announce that a public hearing will be held at 10 a.m. on Friday, June 16, 1961, in room 357, Old Senate Office Building, at which time persons interested in the following nominations will appear and testify:

Ervin N. Griswold, of Massachusetts and Spottswood W. Robinson III, of the District of Columbia, to be members of the Commission on Civil Rights; and

Berl I. Bernhard, of Maryland, to be staff director for the Commission on Civil Rights.

ENROLLED BILLS AND JOINT
RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, June 7, 1961, he presented to the President of the United States the following enrolled bills and joint resolution:

S. 133. An act granting the consent of Congress to a compact between the State of Arizona and the State of Nevada establishing a boundary between those States;

S. 1941. An act to authorize construction of community support facilities at Los Alamos County, N. Mex.; and

S.J. Res. 34. Joint resolution designating the week of October 9-15, 1961, as "National American Guild of Variety Artists Week."

ADJOURNMENT

Mr. MANSFIELD. Mr. President, if there is no further business to come before the Senate, I move that the Senate adjourn, under the order previously entered, until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 7 o'clock p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Thursday, June 8, 1961, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 7, 1961:

U.S. ATTORNEYS

John O. Garaas, of North Dakota, to be U.S. attorney for the district of North Dakota for a term of 4 years.

Cecil F. Poole, of California, to be U.S. attorney for the northern district of California for the term of 4 years.

U.S. MARSHALS

Adam J. Walsh, of Maine, to be U.S. marshal for the district of Maine for the term of 4 years.

George E. O'Brien, of California, to be U.S. marshal for the southern district of California.

Gibson Greer Ezell, of Georgia, to be U.S. marshal for the middle district of Georgia for the term of 4 years.

Edward A. Heslep, of California, to be U.S. marshal for the northern district of California.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of June 8, 1961
87th-1st, No. 96

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HIGHLIGHTS: Senate debated housing bill. House committee reported Commerce-General Government Matters appropriation bill. Sen. McCarthy introduced and discussed bill to require bonds for packers in livestock operations. Sen. Mundt introduced and discussed sugar bill.

HOUSE

- 1. APPROPRIATIONS.** The Appropriations Committee reported H. R. 7571, the Commerce and general Government matters appropriation bill for 1962 (H. Rept. 497). p. 9131
- 2. WOOL.** The "Daily Digest" states, "The 'Digest' of June 6 erroneously stated that H. R. 3680, to extend the Wool Act of 1954, was reported to the full committee by the Subcommittee on Livestock and Feed Grains. Actually the provisions of this bill are to be substituted for section 132 of H. R. 6400, the general farm bill." p. D431
- 3. TAX RATES.** By a vote of 295 to 88, passed without amendment H. R. 7446, to provide a 1-year extension of the existing corporate normal-tax rates (pp. 9030-6, 9098-121). Rejected, 189 to 196, a motion by Rep. Alger to recommit the bill

with instructions to report it with amendments to eliminate the transportation tax on persons (pp. 9119-20).

4. TRANSPORTATION. The Merchant Marine and Fisheries Committee reported with amendment H. R. 6775, to amend the Shipping Act so as to provide for the operation of steamship conferences (H. Rept. 498). p. 9131
5. PUBLIC LANDS. The Subcommittee on National Parks of the Interior and Insular Affairs Committee voted to report to the full committee H. R. 7042, to add certain Federal land to the Lassen Volcanic National Park, Calif. p. D431
6. URBAN AFFAIRS. Rep. Patman inserted his testimony favoring an amendment to the bill concerning a Department of Urban Affairs, providing for a position of equal status for smaller towns and communities. pp. 9129-30
7. LEGISLATIVE PROGRAM. Rep. McCormack announced the program for next week, including the following: Mon., bill to provide for steamship conferences and general Government matters and Commerce appropriation bill for 1962. pp. 9121-2
8. ADJOURNED until Mon., June 12. pp. 9121, 9130

SENATE

9. HOUSING. Continued debate on S. 1922, the omnibus housing bill. pp. 9175-84, 9185-9239

Agreed to the following amendments:

By Sen. Case, S. Dak., 46 to 42, to strike out Title VI of the bill which have provided Federal assistance to State and local governments in preserving open-space land in and around urban areas. pp. 9211-19

By Sen. Fong "to grant to lessee farmers the benefit of provisions of the law on farm housing loans - that is, farmers who are farming lands that are being leased." pp. 9221-2

Rejected the following amendments:

By Sen. Humphrey, for himself and Sen. Scott, 43 to 51, which would have provided that municipalities with populations of 150,000 or less which are located in areas designated by the Secretary of Labor for redevelopment assistance or distressed areas would be eligible for the three-fourths urban renewal grant from the Federal Government. pp. 9198-9202

By Sen. Javits, 28 to 59, which would have permitted the VA to make direct housing loans to veterans in any area in which private capital is not generally available, rather than only to veterans in rural areas or small cities or towns as provided for in present law. pp. 9207-11

10. THE AGRICULTURE AND FORESTRY COMMITTEE reported the following bills: p. 9135
S. 302, without amendment, to authorize the appropriation of an additional \$2 million for the purchase of land within the boundaries of the Superior National Forest, Minn. (S. Rept. 359).

S. 650, without amendment, to amend the Watershed Protection and Flood Prevention Act so as to permit any irrigation or reservoir company, water users' association, or similar organization approved by the Secretary of Agriculture to sponsor works of improvement (S. Rept. 357).

S. 848, without amendment, to authorize the Secretary of Agriculture to convey a parcel of forest land to the town of Tellico Plains, Tenn. (S. Rept. 356).

The United States has started important programs on the application of satellites to the particular affairs of business and everyday life—and with complete success. These applications include weather forecasting, communications, and navigation. Here we excel greatly.

The successful launching of two weather satellites, TIROS I and II, are aiding us to understand the basic atmospheric changes which produce our weather. These satellites, still orbiting the earth, hold the possibility of weather prediction far beyond present methods. This will benefit agricultural production at a level never before dreamed.

The launching of a third TIROS will coincide with the hurricane season and will bring us closer to the day when we can change the course of hurricanes and tornadoes and provide rain for arid and parched regions, thus materially increasing the food production of the world.

This third weather satellite will give photographs to the Weather Bureau of impending storms—all of which may bring the possibility of killing such fierce storms in their infancy.

This alone, we are told, would more than pay the cost of all space explorations to come.

Transit, the navigation satellite, with expected improvements, holds the promise of a revolutionary land, sea, and air navigation system. The ultimate goal is instantaneous, accurate positioning through the use of inexpensive radio receivers. Think for a moment the great boon this will be to our commercial shipping and cruise liners and to our military forces at sea.

Further, the age of space communications is near. And when it arrives, it will have as great an impact on our lives as the telephone, the radio, and television.

We have already successfully launched the Echo satellite, now in orbit, from which radio beams are still bouncing. From this development will flow even more sophisticated satellites capable of handling telephone conversations as well as transmitting radio and television signals to any part of the globe. The Department of Defense and the National Space Agency will spend upwards of \$100 million this year to develop such a satellite system.

In addition, 10 European nations have formed a Space Club, with its first and foremost project to develop and orbit a communications satellite.

RCA, A.T. & T., General Electric, International Telephone & Telegraph, Lockheed Aircraft, General Telephone & Electronics Corp., and others are all actively participating and spending their own funds in developing and operating a communications satellite system.

It is estimated that 3 million overseas telephone calls were placed in 1960. These will increase to 21 million in 1970, and to 100 million in 1980. Such a communications satellite system could handle this number and more—and at a fraction of the present cost.

The cost of this system, I am told, would be liquidated within 10 years.

It is estimated that by 1965 we will doubtless be receiving from London and Paris great volumes of news through the communications satellite system. It is possible that American publishers could send an entire facsimile edition of their morning paper to the capitals of the world.

I believe the day will come when one man, one program, can be seen and heard simultaneously in living rooms around the world.

The eyes and ears of radio and television upon the earth will foster understanding, not suspicion; cooperation, not frightened isolation; free exchange of knowledge and not mutation. Who can estimate this change?

And while all these programs involve vision, they are far from visionary. Unless we accelerate these programs, today's superiority can only too easily become tomorrow's inferiority.

Let me caution that space technology will eventually become the dominant factor in determining our national military strength. Space is the new "high ground" in the military sense.

I find it difficult to separate the civilian and military aspects of space exploration. In fact, whoever controls space controls the world.

I am concerned about the Soviet ability to launch a space vehicle from an already orbiting satellite—as in the case of their recent Venus probe.

To me, this has great military implication. The feat adequately conveys to me the eventual ability of the Soviet to launch missiles from an orbiting platform to destroy earth targets.

Because of great rocket power, the Soviets can pitch 7 tons or more into orbit, giving them a space vehicle sufficiently large to house an appreciable amount of nuclear weapons plus sophisticated equipment.

Their space satellites, therefore, can be large enough to carry conventional instrumentation such as guidance and control mechanisms, and other necessary electronic parts.

Because our rocket power is limited, we must miniaturize all instruments and rely heavily on expensive ground facilities to reach our objectives.

In the next few weeks we will begin static or stationary tests of a prototype of the great F-1 engine. This single-chamber engine will generate some 1.5 million pounds of thrust and, in a cluster of eight such engines, may well become the first stage of the rocket that will put our first space ships on the moon before this decade ends.

There are other major phases where we excel.

We must not overlook the fact that man will always play an important role in the defense of our Nation, as well as in the exploration and development of outer space. His ability to use his intelligence, his education, his training, and other talents to make sound decisions in the light of changing conditions and environment will always be needed—and, in fact, can never be replaced by a machine.

Our efforts in the X-15 and Dynasoar programs are a recognition of this fact.

The X-15, a manned rocket which operates in a space-equivalent environment, has established a new altitude record of 32 miles, and a new speed record of 3,140 miles per hour. This height put it over more than 99.9 percent of the earth's atmosphere. This speed—over 3,100 miles per hour—was approximately $4\frac{1}{2}$ times the speed of sound.

The DYNA-SOAR is a project for a manned boost glide vehicle with an ultimate capability for global range and orbital flight. Once he has reentered the atmosphere, its pilot will have full control at a speed of about 15,000 miles per hour and he could return to the air base of his choice.

Machines can never supersede the eyes of man.

The President's decision to proceed "full speed ahead" has called us before the klieg lights of the world—and our success in the venture will have worldwide impact.

From the Jinny to the Jet, and from Kitty Hawk to Cape Canaveral we have always succeeded in marshaling our talents and our financial resources to accomplish the task before us.

The President has asked for an extra \$7 to \$9 billion over the next 5 years to accelerate our space efforts, including an additional \$679 million for the year starting July 1.

I will support this accelerated program as I have supported our space efforts over the last several years, when I have been among those who pushed for a larger program.

The common threat of destruction that hangs over all men in this atomic age and through the continuation of the cold war may be the force that unites us in entering a new decade of progress—a new era in which mankind pioneers the most exacting period of all history.

The task ahead is a difficult one, but not an impossible one.

It will require determination and sacrifice.

It is a task worthy of the American people—an opportunity and a challenge which, once they know the facts, they will be eager to accept.

It is a task which the fourth estate can help perform.

As descendants, lineally and spiritually, of the men who founded this Nation on a pledge of "their lives, their fortunes and their sacred honor," to preserve their heritage, the American people will pledge no less now.

THE PRESIDING OFFICER (Mr. HICKEY in the chair). Is there further morning business? If not, morning business is closed.

HOUSING ACT OF 1961

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the Senate resume the consideration of the housing bill.

THE PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota?

There being no objection, the Senate resumed the consideration of the bill (S. 1922) to assist in the provision of housing for moderate- and low-income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

Mr. CLARK. Mr. President, I call up my amendment identified as "6-1-61-M" and ask that it be stated.

THE PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

THE LEGISLATIVE CLERK. On page 59 it is proposed to insert the following:

FELLOWSHIPS FOR CITY PLANNING AND URBAN STUDIES

SEC. 315. There is hereby authorized to be appropriated not to exceed \$500,000 annually, for a three-year period commencing on July 1, 1961, to be used by the Housing and Home Finance Administrator for the purpose of providing fellowships for the graduate training of professional city planning and urban and housing technicians and specialists as provided below. Persons shall be selected for such fellowships solely on the basis of ability. Fellowships shall be solely for training in public and private nonprofit institutions of higher education having programs of graduate study in the field of city planning or in related fields (including architecture, civil engineering, economics, municipal finance, public administration, and sociology), which programs are oriented to training for careers in city and regional planning, housing, urban renewal, and community development. The Administrator shall, in the administration of this section, consult with, and secure the advice of, the Department of Health, Education, and Welfare.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. CLARK. I am happy to yield.

The PRESIDING OFFICER. How much time does the Senator yield?

Mr. CLARK. I yield to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, how much time is there on the amendment?

The PRESIDING OFFICER. Twenty-five minutes on each side.

Mr. CLARK. Mr. President, I withdraw in favor of the Senator from Ohio, with the understanding that I shall not lose my right to the floor, for the Senator to speak on his own time.

The PRESIDING OFFICER. Who will yield time to the Senator?

Mr. LAUSCHE. We can charge the time to the opponents of the amendment.

Mr. CLARK. Charge the time in opposition. Mr. President, I ask unanimous consent that the Senator from Ohio may have charge of the time in opposition to the amendment.

Mr. KUCHEL. Mr. President, reserving the right to object, I wish to propound a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KUCHEL. Under the unanimous-consent agreement, who has control of the time in opposition to amendments?

The PRESIDING OFFICER. The majority leader has control of the time in opposition, if he is opposed to the amendment; otherwise, the minority leader has control of the time.

Mr. SPARKMAN. Mr. President, I am not opposed to the amendment. Therefore, the control of time should go to some Senator who is opposed to the amendment.

Mr. KUCHEL. Mr. President, I am inclined to think that the distinguished Senator from Indiana [Mr. CAPEHART], the ranking minority member of the committee which wrote the bill, may be opposed to the amendment. At any rate, I should like to exercise the right of the acting minority leader to control the time in opposition. If that is agreeable, I shall be glad to yield 5 minutes to the able Senator from Ohio.

Mr. LAUSCHE. Mr. President, I desire to make a parliamentary inquiry.

The PRESIDING OFFICER. Does the Senator from California yield 5 minutes to the Senator from Ohio?

Mr. KUCHEL. Mr. President, first I yield to my able friend the acting majority leader [Mr. HUMPHREY].

Mr. HUMPHREY. Mr. President, so that there may be no further misunderstanding about the time to be controlled by the majority leader, when the majority leader is not present, the time will be under the control of the Senator in charge of the bill [Mr. SPARKMAN].

Mr. CLARK. And in the absence of both, could it be under the control of the proponent of the amendment?

Mr. HUMPHREY. It could be under the control of the proponent of the amendment, if that is agreeable to the manager of the bill.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. LAUSCHE. Mr. President, it is my understanding that under the unani-

mous-consent agreement only those amendments which deal with subjects germane to the substance of the bill are competent for consideration.

The PRESIDING OFFICER. The Senator is correct.

Mr. LAUSCHE. Mr. President, the bill before the Senate is a bill which deals with housing, both in a private and public capacity. The amendment of the Senator from Pennsylvania proposes the authorization of the expenditure of \$500,000 for use in scholarships connected with the education of city planners. I challenge the germaneness of the amendment of the Senator from Pennsylvania.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LAUSCHE. It is my contention that scholarships have no relationship to the housing problem. The substance of the bill deals with construction and the providing of finance. It seems to me the committee, when it released the bill, omitted the subject of scholarships under the preliminary thought that such subject properly belonged in a scholarship bill and not in a housing bill.

I now yield to the Senator from Pennsylvania.

Mr. CLARK. Before the Presiding Officer rules I should like to have the Parliamentarian and the Presiding Officer consider one fact.

Mr. President, I yield myself 2 minutes.

I invite the attention of the Parliamentarian and the Presiding Officer to the fact that the title of the bill is: "To assist in the provision of housing for moderate and low-income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes."

A substantial amount of testimony was taken in the hearings in connection with the fellowship proposal. The fellowship proposal has been included in earlier housing bills brought to the Senate from the Committee on Banking and Currency. The amendment is entirely germane to the bill, and I ask the Presiding Officer to rule accordingly.

Mr. LAUSCHE. Mr. President, I repeat that I cannot understand how we can connect the subject of education with the subject of housing. The object of the bill is to develop within the country housing of a private and public capacity. The subject of education of persons who will scientifically deal with the problem is one of a completely different category. It may have been included in previous bills, when germaneness was not properly applicable.

As I understand the rules of the Senate, a rule of germaneness does not apply; but at this time, by consent, it has been declared that only those amendments which are germane to the subject of the bill shall be considered.

Mr. CLARK. Mr. President, will the Senator yield for a question?

Mr. LAUSCHE. I yield.

Mr. CLARK. I ask the Senator whether he believes, as a former mayor of Cleveland who established the city planning commission of that city, that city planners are not only desirable but

also necessary in order to promote orderly urban development?

Mr. LAUSCHE. I submit that planners are executors of urban development, but the subject of education still is separated tremendously from the subject of housing.

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. LAUSCHE. I will yield in a minute.

When one speaks of education one speaks of one thing, and when one speaks of housing one speaks of something entirely different. I submit that though such items may have been included in previous bills it was permissible because the rule of germaneness did not apply. The rule of germaneness does apply to the amendment at this time.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LAUSCHE. I should like to ask the Senator a question. If the amendment is germane, what amendment would not be germane?

Mr. CLARK. A civil rights amendment.

Mr. LAUSCHE. A civil rights amendment?

Mr. CLARK. That is the purpose of having a germaneness section in the unanimous consent agreement, as the Senator well knows.

Mr. LAUSCHE. When one speaks of public housing, if one offered an amendment which would prohibit occupancy by all people equally, does the Senator claim that such an amendment would not be germane?

Mr. CLARK. In the Senate I think it would not be. In committee I think it would be.

I should like to ask my friend a question.

Mr. LAUSCHE. I think the civil rights amendment would be germane with far greater force than the amendment which the Senator from Pennsylvania has offered.

Mr. CLARK. Will the Senator answer a question?

Mr. LAUSCHE. Yes.

Mr. CLARK. Would the Senator tell our colleagues whether he agrees, first, that the title of the bill includes the promotion of orderly urban development; and second, whether he agrees that city planners promote orderly urban development?

Mr. LAUSCHE. Yes; but we still get back to the basic proposition that we are dealing with institutions of higher learning and education.

If the bill were applicable to city planners, scholarships for doctors, engineers, and financiers could be provided. There would be no scholarship of any character that could not be included under the bill if the theory of the Senator from Pennsylvania were sound. We could promote orderly urban development, including the training of sociologists and persons versed in the prevention of disease. There is no profession that would not come within the terms of the bill. I am not willing to submit that the rule of germaneness goes in that direction.

Mr. SPARKMAN. Mr. President, is it necessary for time to be yielded for the purpose of such debate, or would the debate be outside the allotted time?

The PRESIDING OFFICER (Mr. Hickey in the chair). Under the usual rules of the Senate, it is usual for the proponent of an amendment to use his normal time under the unanimous-consent agreement before an objection is raised and the objection is ruled on, if he cares to utilize that time.

Mr. SPARKMAN. Mr. President, it seems to me that when a question of germaneness is raised, it is similar to a parliamentary inquiry or any question of that kind, and there ought to be the right of appeal from the ruling of the Chair. Senators ought to be able to speak to the question without the time being charged to the bill or to the amendment.

At any rate, I should like to propound a unanimous-consent request. I ask unanimous consent that I may be permitted to speak to the question without the time being charged to either side.

The PRESIDING OFFICER. Is there objection?

Mr. KUCHEL. Mr. President, reserving the right to object, I believe the able Senator from Alabama has a point. Though I rely on a faulty memory, my recollection is that when unanimous-consent agreements have been entered into in the past, provision has been made in the unanimous-consent agreement itself for consideration of parliamentary questions. Am I correct in my understanding?

The PRESIDING OFFICER. Under the procedure, appeals from the decision of the Chair are allotted time in the same manner as time is allotted in the case of an amendment. But the debate on the point of order is at the discretion of the Chair.

Mr. KUCHEL. When the Chair makes the statement "debate on the point of order is at the discretion of the Chair," does the Chair mean that in the discretion of the Chair the time will be allocated by the Chair and not under the unanimous-consent agreement?

The PRESIDING OFFICER. Under the usual rules the Chair is permitted to entertain debate so that he can inform himself on the question presented.

Mr. KUCHEL. Under those circumstances I wonder if the Senator from Alabama would proceed to speak if the Chair would indicate that he desires to be enlightened by the counsel of my able friend from Alabama.

Mr. SPARKMAN. I am a little too modest to suggest that I might enlighten the Chair. But, in accordance with the statement of the Chair, I was under the impression that time was not chargeable against the allotted time because the question as to whether the Chair will or will not hear any Senator, or the length of time that he will hear him, is wholly within the discretion of the Chair. Therefore, I have always been under the impression that the question was completely within the control of the Chair, and that the time used would be subject to control by the Chair and not by the allotment of time to the pro-

ponents and the opponents in connection with the pending amendment.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. SPARKMAN. Mr. President, I address myself briefly to the question. It has been pointed out by the distinguished Senator from Pennsylvania that a large portion of the bill deals with urban redevelopment and slum clearance. A great deal of it has to do with providing housing in suitable areas of the type necessary to take care of persons who have been displaced by governmental action.

Throughout the hearings testimony was adduced as to the shortage of trained people available to aid the cities and towns to do the necessary planning.

I invite attention to the fact that the basic law, which is carried forward in the bill, requires a town, a city, or a region to have a workable plan before it can qualify for the benefits provided in the bill. It would be most exceptional for a small town of a few thousand people to have the personnel capable of building up a workable plan. Such planning would require the knowledge of someone who has been trained in city planning, town development, land utilization, and related subjects.

As has been stated, we have had such a provision in previous bills, and we certainly felt that it was germane.

The Senator from Ohio has said that the amendment deals with institutions of higher learning. It does so only incidentally. It deals with an effort to provide trained personnel to aid in the orderly development of community facilities, redevelopment, slum clearance, and the establishment of workable plans. All those subjects call for trained personnel; and the fact that to secure the necessary training one must attend a school or some institution of learning is wholly incidental.

The suggestion may be made that there is no provision in the bill regarding schools and institutions. I hope the Parliamentarian will listen to this point, because I think it is important. The bill provides for a research program for the Housing and Home Finance Agency and its component parts. Certainly it is contemplated that undoubtedly we will use according to the testimony, schools, colleges, and foundations for carrying on research.

Certainly the bill has as much connection with schools, colleges and institutions of higher learning as does the provision about which we have spoken. In each instance it is incidental because the core of the question, in the case of research, is to learn new methods and new materials and to find out what is going on. In the other case the object is to obtain trained personnel to enable proper planning.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. SPARKMAN. Yes, I yield.

Mr. CLARK. The Senator will recall that a substantial section of the bill deals with college housing. That, I believe, is education.

Mr. SPARKMAN. Of course, that is directly educational, but it has no relation.

Mr. CLARK. The Senator also recalls, does he not, that the bill contains a section dealing with urban renewal in connection with colleges and universities.

Mr. LAUSCHE. I believe the argument is pretty tenuous.

Mr. SPARKMAN. We are seeking trained personnel to carry out the intent of the bill, which is to establish better housing, aid in urban development, and aid in the planning of areas. We deal with mass transportation in one provision of the bill. Certainly that subject requires the most careful planning, and we shall need trained personnel. The proposed provision simply would make it possible for us to have such trained personnel. I submit that the objection of the Senator from Ohio ought not to be sustained.

Mr. LAUSCHE. Mr. President, I desire to reply to the Senator from Alabama.

The PRESIDING OFFICER. Does the Senator from Pennsylvania wish to use the remainder of the time allocated to him before the point of order is raised?

Mr. CLARK. I understand that I have that right, but I do not wish to insist upon it, because if the point of order is sustained I shall reluctantly be required to appeal from the ruling of the Chair. I do not want to take the time of the Senate to argue the amendment, which may never come to a vote on its merits. I shall waive my right under the rule to use the remainder of my time before the point of order is ruled on.

Mr. LAUSCHE. Mr. President, the Senator from Alabama points out that the bill deals with research studies to be made in the urban redevelopment program, and since there is an authorization to make research, he argues, the granting of scholarships that relate to research work can be made.

I cannot follow that argument. Scholarships in institutions of higher learning constitute a subject completely disengaged from the authorization to do research work. The Senator from Alabama points out that the orderly development of an urban community would imply the hiring of city planners. With that I agree. However I respectfully submit that we are required to do things in an orderly way in the Senate. If this subject, providing scholarships, had been introduced as a separate item, it would have gone to the Committee on Health, Education and Welfare. It deals with education. It would have gone to that committee, not to the Committee on Banking and Currency.

Having been included in the bill without a germaneness restriction, the committee had the authority to deal with it, but with the consent agreement requiring germaneness I suggest it is not proper.

The Senator states that the bill deals with railroads. That is one of the vices of the bill. It covers the whole gamut of operations—railroads, urban development, slum clearance, public housing, scholarships. That is one of the reasons that I suggest that the challenge I make becomes increasingly more important.

The bill should never have included all those items. The railroad people came before the Committee on Commerce. On that committee there was opposition raised to the subsidy. It was shifted over to the Banking and Currency Committee. I was amazed to find that it had been removed from the Commerce Committee, when the railroads were asking for a subsidy. How far can we go in stretching the term "germaneness?"

Let us get down to this point. Since railroads are included, is it germane to authorize scholarships for the learning of engineering and firing and braking and the development of communications? Since there is slum clearance in the bill, is it germane to develop scholarships for teaching health and sanitation officials? Since it includes urban planning, it is argued that the granting of scholarships for the development of planners is germane. Of course in the amendment it is stated that the teaching of sociology to architects and finance men and municipal managers is germane to planning. The bill contains a half dozen items on the basis of throwing a bit of bait over here, a bit of bait into this column, and a bit of bait over there, in the hope that it will accumulate and the bill be carried. I submit that if the bill for scholarships were submitted alone it would be referred to the Committee on Health, Education, and Welfare. That is where it belongs.

I respectfully accept the arguments of the Senator from Pennsylvania and the Senator from Alabama, but I suggest that the finely spun theories that they advocate would make germane any subject that anyone can possibly conceive of to the bill pending before the Senate.

I submit my case to the Chair.

The PRESIDING OFFICER. The Chair is prepared to rule. In the opinion of the Chair the key word is "fellowship." On the advice of the Assistant Parliamentarian, it would be well to call attention to the fact that in some of the matters heretofore considered by the Senate, such a parity legislation, where specifics were included, such as peanuts and corn, on an amendment pertaining to cotton, for example, when it was attempted to be offered to such a bill, the ruling of the Chair has been that the amendment would not be germane to the bill. Therefore, because of the fact that in the Chair's opinion the key word is "fellowship," and there is no reference to fellowship in the bill, the Chair rules that the amendment is not germane.

Mr. CLARK. Mr. Chairman, I appeal from the ruling of the Chair.

Mr. KUCHEL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KUCHEL. The appeal which has been taken from the ruling of the Chair is subject to debate, I understand.

The PRESIDING OFFICER. That is correct; 30 minutes to a side is allowed.

Mr. KUCHEL. I wish to ask my able friend if he intends to ask for a yeand-nay vote on his appeal.

Mr. LAUSCHE. The Senator from Ohio intends to do so.

Mr. KUCHEL. The reason why I ask the question is that my colleagues on the minority side will have concluded their deliberations, I assume, in another 10 minutes. Therefore, while I am glad to have a little fellowship take place in our Republican luncheon, I am nevertheless constrained to have my leadership on the floor when this matter is discussed. Under those circumstances, I ask unanimous consent that I may suggest the absence of a quorum, without the time being charged to either side.

Mr. MANSFIELD. I have no objection to the suggestion of the absence of a quorum, but I would suggest that the time be charged to the time on the bill.

Mr. KUCHEL. Mr. President, I suggest the absence of a quorum, with the understanding that the time be charged to the time on the bill.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The Legislative Clerk proceeded to call the roll.

Mr. CLARK. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CLARK. Mr. President, I withdraw my appeal from the ruling of the Chair.

Mr. MANSFIELD. Mr. President, I express the hope that at some future time the Senator from Pennsylvania will consider offering such an amendment as he has in mind, because I think it has great merit. I think that at the right time and in the right place it can be given the consideration which I believe is its due.

Mr. LAUSCHE. Mr. President, does the Senator from Pennsylvania contemplate offering the amendment in connection with the pending bill?

Mr. CLARK. No.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. SPARKMAN. Mr. President, I have an amendment to offer, but I must say, in frankness, that I have not discussed it fully with the Senator from Indiana [Mr. CAPEHART]. However, I understand that the Senator from Michigan wishes to offer an amendment.

Mr. HART. Mr. President, I call up my amendment designated "6-7-61—A" and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 13, between lines 10 and 11, it is proposed to insert the following:

(d) Section 223 of the National Housing Act is amended by redesignating subsection (b) as subsection (c), and by inserting after subsection (a) the following new subsection:

"(b) Notwithstanding any of the provisions of this title and without regard to limitations upon eligibility contained in section 221, the Commissioner may in his discretion insure under section 221(d)(3) any mortgage executed by a mortgagor of the character described therein where such mortgage is given to refinance a mortgage

covering an existing property or project (other than a one- to four-family structure) located in an urban renewal area, if the Commissioner finds that such insurance will facilitate the occupancy of dwelling units in the property or project by families of low or moderate income or families displaced from an urban renewal area or displaced as a result of governmental action."

On page 70, between lines 2 and 3, insert the following:

(c) Such section is further amended—

(1) by striking out in subsection (a) (7) the words "section 903 or section 908 of title IX" and inserting in lieu thereof "section 220, 221, 903, or 908"; and

(2) by striking out in such subsection the words "insured under section 608 or 908".

Mr. HART. Mr. President, the amendment is offered jointly by the distinguished junior Senator from Ohio [Mr. Young] and the junior Senator from Michigan. I am sure the Senate has previously heard amendments described as minor. If they were adopted later, they were considered as major in scope. I think that without tongue in cheek I may describe this amendment as a minor amendment.

It is the understanding of the junior Senator from Ohio and myself that the sweep of the amendment would be very narrow, but in the areas affected it would be most helpful. The amendment is intended to allow existing nonprofit housing in urban renewal areas to be refinanced under the new long-term, low-interest-rate financing mechanism which is provided in both the Senate and House bills. It is my understanding that the Housing and Home Finance Agency enters no objection to the inclusion of this language.

Further, it is my understanding that only 32 multifamily, nonprofit projects have been insured under section 221. So even conceiving that all sought to persuade the commissioner, at most only 32 would be included.

The distinguished Senator from Alabama [Mr. SPARKMAN], the chairman of the subcommittee, has not had the fullest opportunity, I fear, to consider the amendment, although the Senator from Ohio [Mr. Young] and I tendered it to him in draft form late yesterday. It is our hope that the Senate will agree to the inclusion of this language. It is our understanding that the bill as reported to the House did include the language.

I shall be glad to reply to any questions.

Mr. LAUSCHE. Mr. President, will the Senator from Michigan yield?

Mr. HART. I yield.

Mr. LAUSCHE. The Senator from Michigan has said there are 32 housing units or organizations which could avail themselves of this provision if it were included in the law. Is that correct?

Mr. HART. They are in the category of those made eligible to apply. The Commissioner would have to determine whether they should be permitted to participate. But under this language they would be eligible to make application.

Mr. LAUSCHE. If they did apply and if the applications were granted, what advantages would they obtain, over

and above those now available under existing financing?

Mr. HART. It is our understanding that the terms would be reduced; the problem is as simple as that.

Mr. LAUSCHE. In other words, the interest rate would be reduced?

Mr. HART. Yes.

Mr. LAUSCHE. Would the amortization period be lengthened?

Mr. HART. I believe the latter also would apply, yes. The principal obligation would not be disturbed.

Mr. LAUSCHE. Is the interest rate, as it now exists, rather uniform as to the 32, or does it vary?

Mr. HART. I am not able to answer that question, but I assume that the rate varies. However, I speak out of complete ignorance as to that.

Mr. LAUSCHE. If the proposed advantage were made available to these units and if that principle were then adopted, would there be other debtors to the U.S. Government who could say, "We want to be released from our higher rate of interest under our existing agreements, and we want to be granted the lower rate of interest provided in this measure."

Mr. HART. None other than the 32 that the Housing and Home Finance Agency indicates have qualified and are operating under section 221.

Mr. LAUSCHE. The Senator from Michigan does not know the interest rate they now pay?

Mr. HART. I regret that I do not know it.

Mr. LAUSCHE. But if they were allowed the advantages of the present bill, what would the interest rate be?

Mr. HART. Under the terms of the present bill, it would be below the market rate.

Mr. LAUSCHE. Can the Senator's aid to help in providing some idea in regard to what the difference in the interest rate would be—whether one-half of 1 percent or 1 percent, for example?

Mr. HART. I am advised that the rate would be about $5\frac{1}{4}$ percent, for a nonprofit operation under section 213.

Mr. LAUSCHE. Let me repeat the question: If we permit these 32 companies to take advantage of this proposal and thus procure a lower interest rate than the one they are now paying, are there other borrowers and debtors who later would be able to say, "You made this law available to these 32; and now we, as individuals, want it made available to us."

Mr. HART. I think we should make very clear, in supporting this amendment, that our intention to have this kind of consideration granted results solely from the character and the nature of the 32 undertakings.

These are not typical or traditional commercial enterprises. The sponsors of this amendment have no intention, by proposing the inclusion of this language, to broaden the invitation, so as to invite others to participate.

Mr. LAUSCHE. Conceding that to be a fact, suppose the others were to say, "Our interest rate under our existing obligations is 1 percent higher than the rate you are charging these new bor-

rowers, and we want our interest rate reduced."

Mr. HART. If I correctly understand the question, I reply by stating that this is not a proposal which would reduce the rate in futuro, for a new borrower. It is to apply the lower terms to the existing 32, or to so many of them as in the judgment of the Commissioner merit it—so many of the existing 32 as are financed under the existing section 231.

Mr. LAUSCHE. I have no further questions.

Mr. CAPEHART. Mr. President, will the Senator from Michigan state exactly what the amendment is limited to?

Mr. HART. It is to allow existing, nonprofit housing—

Mr. CAPEHART. Nonprofit?

Mr. HART. Yes; to permit existing nonprofit housing in urban renewal areas to be refinanced under the new financing mechanism provided in the pending bill.

Mr. CAPEHART. Does the Senator from Michigan mean at a lower rate of interest?

Mr. HART. Yes.

Mr. CAPEHART. In other words, under the existing law, as it may be affected by the proposed Act?

Mr. HART. That is correct.

Mr. CAPEHART. Is it limited to urban renewal projects?

Mr. HART. Yes.

Mr. CAPEHART. It seems to me that, as written, the amendment is much broader than that.

Mr. HART. Assuredly it is not our intention to make it broader than that.

Mr. CAPEHART. Can the able Senator from Michigan give us an example of exactly what he wishes this amendment to do?

Mr. HART. Yes. I cite a case that is of concern to the junior Senator from Ohio. As I understand, an urban renewal housing project in a suburb of Cleveland has brought this question to our attention. It is a housing development financed under section 221; and if this amendment were adopted, it would then be in position to apply to the Commissioner for a reduction in the terms of its obligation—not with respect to the principal, but for a lower rate of interest and an extension of time; and, by so doing, several of the ventures—nonprofit in all cases; these are community-housing projects—might be in a position to improve materially the condition of their surroundings; but the maintenance of the obligation under which they now operate imposes a very great difficulty on them.

Mr. SPARKMAN. Mr. President, will the Senator from Michigan yield to me?

Mr. HART. Certainly.

Mr. SPARKMAN. I have consulted with some of those in the Housing and Home Finance Agency; and I am told that the amendment is satisfactory to them, and that it does cover groups already FHA insured and operating wholly within urban renewal areas, and is not wide open, as was first thought. So I am willing to accept the amendment. I do not know whether it will be in the House version of the bill. If it is not,

and if there should be a desire to draft different language, we could do so in conference.

Mr. ROBERTSON. Mr. President, I hope the chairman of the subcommittee will not go any further than the bill already goes in setting precedents to do unsound things.

This amendment is not one for a sound program. It is an invitation to others to request the same type of privilege. This bill has already gone very far in that direction. It contains provisions for many new things—for example, for the 40-year, no-downpayment arrangement, and for reduced interest rates, for those who have not been displaced by Government action; and it reserves \$50 million of grants for mass transportation in cities from the \$2,500 million authorized for urban renewal. The total lacks only a few hundred million dollars of being as much as the total amount we have authorized over as long as 24 years for the same housing programs; and the bill contains provisions for many new things. So we should not go further than we already have gone.

Mr. SPARKMAN. Let me say to the chairman of the committee that I am told by officials of the Housing and Home Finance Agency that this amendment really covers a few properties upon which the FHA already has the insurance. I think some of the properties lie in Detroit, and perhaps one is in Cleveland. I understand there are only two or three, all told. The FHA officials inform me that this amendment would allow them to deal with a difficult situation in connection with properties on which they already have insurance.

Mr. ROBERTSON. That in itself would not be objectionable. But what assurance do we have that this does not set a precedent that will be expanded later and get us into great difficulty?

Mr. SPARKMAN. It is limited to properties the FHA has already insured, and it is limited to properties wholly within urban renewal areas. That field cannot be expanded very much. Certainly, it is within the discretion of the FHA as to which properties would be covered. It gives the FHA a little flexibility in handling the property.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. LAUSCHE. I read the language of the proposed amendment, and it states that:

The Commissioner may in his discretion insure under section 221(d)(3) any mortgage executed by a mortgagor of the character described therein where such mortgage is given to refinance a mortgage covering an existing property or project (other than a one- to four-family structure).

To me it means that the Commissioner will be permitted to refinance every loan except those dealing with one- to four-family structures.

If he can refinance, at a reduced rate of interest, all loans other than on one- to four-family structures, on what theory of equity will we later deny the application of a loan on one- to four-family structures if persons come before Congress and ask for such relief?

I am following up the statement of the Senator from Virginia, in which he said that the precedent would be established for others to come to Congress and ask for similar treatment.

Mr. HART. Mr. President, I think a proper reply might be that this is a manageable and controlled area, for, at most, 32 categories. I have no idea of how many would be included in one to four family structures, but, as a manageable limitation, I think we can justify the inclusion of, at most, 32 types. We can properly take the position that we cannot go up to 32,000, or whatever number the addition would be.

Second, I want to make clear that it is the intention of the offerers of the amendment, the Senator from Ohio [Mr. Young] and myself, not to permit this provision to be applicable to other than FHA-insured property in an urban renewal area.

Unless we understand that, we are talking about a large barrel of apples. But restricted as it is, I think adequately, by definition, and clearly by this discussion in the RECORD, I would hope that the distinguished chairman of the subcommittee might be able, in discussion with the House Members, to insure against any broad application, and yet make available to any 1 of these 32 nonprofit undertakings which, in the judgment of the Commissioner, qualified, the opportunity more easily to adjust to its obligation.

Mr. SPARKMAN. Mr. President, will the Senator yield to me?

Mr. HART. I yield.

Mr. SPARKMAN. I have a copy of the original amendment. I do not have the printed amendment, but I think the Senator can find what I am referring to. In the second paragraph, where there is reference to section 221(d)(3) it reads:

Any mortgage executed by a mortgagor of the character described therein where such mortgage is given to refinance a mortgage.

I wonder if the Senator will modify his amendment to this effect: After the word "mortgage," the last word I read, insert the language "insured under this act and covering an existing property."

That would definitely make it clear it was property already insured by FHA that was included. I know that is what he intends.

Mr. HART. That is clearly our intention. We accept the modification.

Mr. SPARKMAN. It would make sure that FHA would be insuring its own property.

Mr. YOUNG of Ohio. Mr. President, will the Senator yield?

Mr. HART. I yield.

Mr. YOUNG of Ohio. I am sure that suggestion should be accepted.

Mr. HART. We are glad to do so.

Mr. LAUSCHE. Mr. President, if the Senator will yield, I want to see if I understand clearly what is meant here.

In line 5 of the amendment on page 2, in parentheses are the words "other than a one- to four-family structure."

My question is, Is it contemplated to exclude one- to four-family structures

from the benefits of this proposal? Am I correct in that understanding?

Mr. SPARKMAN. That is my understanding.

Mr. HART. That is our understanding.

Mr. LAUSCHE. Next year if owners of one- to four-family structures come before Congress and say, "You reduced the interest to the 32. In justice, you ought to reduce it to us. We are no different from these other 32 for whom you reduced the interest rates," how will we answer that question?

Mr. HART. As I have indicated, the only reply I can suggest at the moment is that the proposal offered by the Senator from Ohio [Mr. Young] and myself is, even assuming the 32 projects persuaded the Commissioner they should be given the benefits of this provision, it would be a sound limitation. I assume if the one of four units were included, short of a wild guess, no one could predict the number, and clearly it would serve to undermine the many other worthy undertakings provided for in the measure. We take the position that this is a manageable exception, and will be when defensible, as the Senator from Ohio has suggested, a year from now, other representations will be made.

This is a judgment I would much prefer the committee to make, but so far as the Senator from Ohio and I are concerned, we feel it is meritorious.

Mr. LAUSCHE. I fear that a precedent will be established whereby in the future those who have one- to four-family structures under FHA will say, "I am a citizen of this country. You have reduced the interest for 32. Why do you not reduce it for us?" I do not see how the Senator is going to answer that question.

Mr. SPARKMAN. Mr. President, did the Senator modify his amendment?

Mr. HART. I did. The Senator from Ohio [Mr. Young] may wish to make a comment.

Mr. SPARKMAN. In order to make certain, Mr. President, I wish to make a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SPARKMAN. Has the amendment been modified?

The PRESIDING OFFICER. It has not been. Will the Senator send the modification to the desk?

Mr. HART. The language suggested by the Senator from Alabama is acceptable. We ask that the amendment be modified in that regard. That would appear on line 4, page 2, I believe.

Mr. SPARKMAN. Mr. President, may I state the proposal?

Mr. YOUNG of Ohio. It is agreeable to me, Mr. President.

The PRESIDING OFFICER. Will the Senator send the modification to the desk?

Mr. SPARKMAN. May I read it, please, Mr. President?

In line 4, page 2, after the word "mortgage" insert the words "insured under this Act and."

Mr. HOLLAND. Where the word "mortgage" appears the second time?

The PRESIDING OFFICER. The word appears twice.

Mr. SPARKMAN. Near the end of the line, after "mortgage," insert the following words: "insured under this Act and".

The PRESIDING OFFICER. Without objection, the amendment is so modified.

Mr. LAUSCHE. Mr. President, I wish to have the RECORD show that I am of the belief this will be the beginning of serious complications in future years. I cannot become convinced that we shall be able to resist the demands of the one- to four-family mortgagors when they come to ask for a reduction in interest. They will argue, "In the new bill you have given a reduced rate of interest. Our rate of interest should be reduced." I do not believe we shall be able to say no to them. For that reason I should like to have the record show that, in spite of the fine purpose of the sponsors of the amendment, I think a dangerous precedent will be created and the floodgates will be thrown open for serious complications in the future.

Mr. HOLLAND. Mr. President, will the Senator yield for a question?

Mr. HART. I yield to the Senator.

Mr. HOLLAND. I am sure there was a reason, so may I ask the reason for the omission from the amendment of the smaller structures covered by the words "other than a one- to four-family structure".

Mr. HART. It is my impression that the displacement of so many persons concentrated in these 32 nonprofit housing ventures would create such a compelling, and I assume appealing, picture that the proposal is aimed to include only up to those 32. The difficulty of refinancing in several of these cases, in order that moneys be released to improve the general community atmosphere of these very large housing projects, is the reason behind the offer and the reason for the restriction.

Mr. HOLLAND. Mr. President, will the Senator yield further?

Mr. HART. We are talking about projects, rather than a one- to four-family group.

Mr. HOLLAND. The words relating to exemption from the coverage of the amendment, as I read them, are "other than a one- to four-family structure." It does not say "project".

My second question is: Are there any such smaller structures within the 32 projects to which the Senator from Michigan has referred and to which his amendment is directed?

Mr. HART. It is my understanding that the word "structure" in this field has become a word of art and refers, really, to projects.

I am advised there are not, as such. These are multifamily structures.

Mr. HOLLAND. Does the Senator mean to advise the Senate there are no small structures, one- to four-family structures, in the 32 projects which he intends to cover by the amendment?

Mr. HART. I am in a position to respond only by saying it would be a very rare exception if that were the case.

Mr. HOLLAND. I thank the Senator.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. SPARKMAN. Mr. President, I yield back any time allotted to me.

Mr. HART. Mr. President, I yield back my remaining time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. HART], for himself and the Senator from Ohio [Mr. YOUNG].

The amendment was agreed to.

Mr. CAPEHART. Mr. President, for myself and the Senator from Utah [Mr. BENNETT] I call up amendment 6-1-61—H and ask to have it stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 8, it is proposed to strike out lines 4 through 9, and insert in lieu thereof the following:

(10) striking out in subsection (d)(5) the words "forty years from the date of insurance of the mortgage or three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser" and inserting in lieu thereof the following: "thirty years from the date of insurance of the mortgage or three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser: *Provided*, That any such mortgage may provide, under such regulations as the Commissioner may prescribe, that (1) during the first through the fifth year of the amortization period the level total payments of principal and interest shall not exceed an amount equal to the level total payments of principal and interest on a mortgage in the same principal amount having an amortization period of not to exceed forty years, (2) during the sixth through the tenth year of the amortization period the level total payments of principal and interest shall not exceed an amount equal to the level total payments of principal and interest on a mortgage in the same principal amount having an amortization period of not to exceed thirty years, and (3) during the balance of the amortization period the level total payments of principal and interest shall not exceed an amount equal to the level total payments of principal and interest on a mortgage in the same principal amount having an amortization period of not to exceed twenty years";

Mr. CAPEHART. Mr. President, the amendment has to do with the 40-year, no-downpayment section of the bill as it applies to houses which are to be sold.

The bill as it is now written would permit the FHA to insure mortgages up to 40 years with no downpayment required, for houses in value up to \$15,000. This amendment seeks to make a compromise with respect to the 40-year, no-downpayment provision, which many people oppose on the ground it is unworkable, impractical and not good business.

In other words, if a man is to be sold a house in value up to \$15,000, with no downpayment, and he is to be given 40 years to pay for it, it is simply not in the best interests of the man who buys the house, not in the best interests of the FHA, and not in the best interests of the building industry. The man may move into the house, and then move out; the Government will then have a house on

its hands. The man may keep the house in good repair, and he may not.

I am fearful that under the section in the bill we shall have trouble. I am one who regrets it was ever injected into the picture.

The amendment would simply provide that the 40-year provision would be retained, except that for the first 5 years the payments, on a \$10,000 home, would be \$49.89. A better way to state it is to say that for the first 5 years the man would make his payments on the basis of a 40-year mortgage; for the second 5 years, for years 6 to 10, he would make payments on the basis of a 30-year mortgage; and for the next 20 years he would make payments on the basis of a 20-year mortgage; which would make the overall mortgage time 30 years.

This provision is for the middle income man, who perhaps will be a young fellow getting started. It would give him an opportunity, first, to buy a house without any down payment; and, secondly, for the first five years an opportunity to pay for the house on the basis of 40 years; the second 5 years on the basis of a 30-year mortgage, and the last 20 years on the basis of a 20-year mortgage.

I shall give an example of how such a plan would work. Consider a \$10,000 home mortgage at 5½ percent interest. The homeowner would pay \$49.89 a month during the first 5 years. The next 5 years he would pay \$55.22 per month. Then for the next 20 years he would pay \$66.38 per month. From a generous standpoint this plan would give the homeowner an opportunity to buy his house without any downpayment. He would make much lower monthly payments for 5 years, and we would hope that, moving into a new house, he would have a good job, that his income would increase, and that he would be able to pay for his house faster. In other words, as time went on, his monthly payments would increase.

I see no objection to the amendment. It seems to me the amendment would accomplish what the most liberal might want and, at the same time, I think it would improve the businesslike quality of the bill.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. ROBERTSON. Some of the members of our staff feel that mortgages under the proposed plan would not be very workable if for 5 years one rate of payment was provided, and then the payment were increased for the next 5 years to another rate, and then increased to a third rate. The Senator from Virginia was opposed to the entire proposal. I believe such a plan would be worse than public housing, because under public housing communities contribute 20 percent. Under the present proposal the Government would insure the entire amount. The entire loan could be unloaded on the Government. Seven hundred and fifty million dollars would be made available through FNMA, plus \$193 million already outstanding in uncommitted authority. Why does not the Senate merely provide that the time limit shall be 30 years, and leave out

the staggered payment plan? I think such a staggered payment arrangement is confusing.

Mr. CAPEHART. I presume the Senator well knows the reason, since yesterday his amendment to strike the 40-year term from the bill was rejected. I am in favor of striking out entirely the proposal for a 40-year term with no downpayment. I do not think such a plan is needed. The Senator will remember that an amendment to accomplish that purpose was lost yesterday. My amendment is a compromise to try to make a better bill out of the existing one.

Mr. ROBERTSON. I believe a 30-year term would be better than a 40-year term, but I think staggered payments complicate the amendment of the Senator from Indiana. Such an arrangement makes the amendment less attractive, though I intend to support it.

Mr. CAPEHART. Does the Senator from Virginia believe that the term should be made 30 years?

Mr. ROBERTSON. Thirty years. Let those in authority determine how much the payments each year shall be. The information I have received from members of our staff is that the plan I have suggested would be more workable.

Mr. CAPEHART. The Senator has a right to offer an amendment to that effect.

Mr. ROBERTSON. I shall leave the question to the Senator from Indiana, for it is his amendment. Though the Senator wishes to stagger the payments, the experts with whom I have talked have said the plan would be less workable than if the term were 30 years without the staggered payments.

Mr. CAPEHART. I would be willing to make the term 30 years. At present there are mortgages containing terms of 30 years. There would be nothing new about such a plan. We would not need the amendment at all if we could make the term 30 years, because such a provision is a part of the present act.

Mr. ROBERTSON. This provision includes no downpayment.

Mr. CAPEHART. The Senator is correct, but at the present time we sell homes to GI veterans with no downpayments and with mortgages having terms of 30 years.

Mr. ROBERTSON. And we are losing money.

Some of these low-rate mortgages which the Government must guarantee are in default. A report of the FHA which we have just found states that there are more defaults than ever in the history of the act. As of March of this year 33,000 families were in default on mortgages. The number is slowly piling up. Now we are being invited to expand programs that we know are now losing money, and the losses could be placed on the backs of the taxpayers of the Nation. We know that many of our financial institutions may not accept 40-year mortgages. We have provided \$750 million for FNMA to buy them. The plan would provide better housing for moderate income groups who cannot get into low income public housing, and FNMA would carry the burden. But I suggest

that if we are to foreclose such mortgages, we had better do so in 30 years rather than in 40 years, because in 40 years a house could have fallen down and the Government would not get anything.

Mr. CAPEHART. I agree with the able Senator from Virginia. As I said a moment ago, yesterday there was a vote on the question as to whether to eliminate the provision for mortgages having a 40-year term with no downpayment. The Senate had an opportunity to vote upon such amendment, and did so. The Senate voted to retain the provision in the proposed legislation. The provision we were speaking of yesterday had to do with rental housing. My amendment deals with sales housing. All we are recommending is that the no-downpayment provision be retained, that provision be made for a certain rate of payment for the first 5 years for the second 5 years, the rate for 30-year mortgages, and a rate of payment over a 20-year period.

I think it is a good amendment. I was hopeful that the Senator in charge of the bill would accept it, but he seems disinclined to do so.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. DOUGLAS. The memory of the Senator from Illinois is frequently faulty, but as I sat here listening to the Senator from Indiana, his statements somehow struck a familiar note. My mind went back to 1954, and I could fancy that I remembered the Senator from Indiana in committee—and I think also on the floor of the Senate—advocating a 40-year, no-downpayment program. As I say, the Senator from Illinois frequently makes mistakes, so I would like to ask my good friend the Senator from Indiana, whether my memory is faulty, or whether such advocacy actually took place?

Mr. CAPEHART. The Senator's memory is a trifle faulty.

Mr. DOUGLAS. Did or did not the Senator from Indiana advocate a program providing for a term of 40 years with no downpayment?

Mr. CAPEHART. The problem was entirely different from the one which we are now discussing.

Mr. DOUGLAS. The reply of the Senator was evasive. Did the Senator advocate "40 years and no downpayment" in 1954 or did he not?

Mr. CAPEHART. Mr. President, the section of the bill about which we are talking, and which I am trying to amend, has to do with sales housing. The subject to which the able Senator from Illinois is referring, which was discussed many years ago, related to public housing. I remember the discussion very vividly. We discussed whether or not it would be better, under public housing, to build individual houses for people than to build apartment buildings. We discussed whether it would be better to get the individual houses away from the cities and build individual housing under the public housing authority. Those houses were to be rental housing. We were talking about public

housing—housing for the extremely low income groups, or people who were unable to afford normal rental. We proposed the plan on the basis that the Government would subsidize such housing as the Government subsidizes public housing, with which we are all familiar.

The program about which we are talking today has to do with any house selling for \$15,000 or less, whether it be a house owned by a person with low income, a man with middle income, or even an individual with an income of \$1 million a year. We are talking about a section in the present act which would permit FHA to insure mortgages up to \$15,000 with no downpayment and 40 years to pay. That is the group about which we are talking.

Mr. DOUGLAS. Mr. President, will the Senator answer my question?

Mr. CAPEHART. I answered the Senator's question.

Mr. DOUGLAS. I do not believe you gave a direct answer.

Mr. CAPEHART. I do not think I or anyone else could make the answer any more explicit or plain than I have done. I gave the Senator my answer. I said I advocated it back in those days—

Mr. DOUGLAS. Good.

Mr. CAPEHART. As a part of public housing, with respect to low income groups, in a discussion as to whether or not we should build individual houses under public housing, and remove such housing from the cities. The discussion, I repeat, related to public housing.

Mr. DOUGLAS. Mr. President, will the Senator yield on this point?

Mr. CAPEHART. Also at that time we desired to obtain housing for people who were displaced.

Mr. DOUGLAS. That is the point—people displaced. The Housing Administrator proposed a 40-year, 100 percent mortgage loan, fully insured by FHA; and my record shows that the Senator from Indiana supported that measure.

Why should the Senator from Indiana object in 1961 under a Democratic administration to what he favored in 1954 under a Republican administration?

Mr. CAPEHART. The answer is quite simple. We were talking about persons who have been displaced by governmental action. I supported such a bill, and I would support it again. We are not talking about displaced persons.

Mr. DOUGLAS. It provided for a 40-year mortgage and for no down payments.

Mr. CAPEHART. Yes. It referred to persons who were displaced as a result of governmental action, when they were forced to leave. Now we are talking about anyone who wants to buy a house valued up to \$15,000, whether he has been displaced or not, and even though he is worth a million dollars. Anyone can get a house worth up to \$15,000 under the provision in the bill, and he need not make a downpayment.

Mr. DOUGLAS. There are to be income tests. It is primarily designed for people who earn \$4,000 to \$6,000 a year, which is too much for them to get into public housing and too little for them at the present time to buy satisfactory

housing under ordinary methods of financing.

Mr. CAPEHART. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Fifteen minutes.

Mr. CAPEHART. Does the unanimous-consent agreement provide for 15 minutes of debate on each side?

The PRESIDING OFFICER. Thirty minutes on a side.

Mr. CAPEHART. One hour on each amendment, with 30 minutes to a side?

The PRESIDING OFFICER. The Senator is correct.

Mr. SPARKMAN. Mr. President, I rise for the purpose of opposing the amendment offered by the Senator from Indiana. It relates to sales property. The amendment yesterday related to rental property. There are only a few points I wish to mention very briefly. This is something that a great many people have been thinking about. They seem to believe that because of the so-called no-downpayment provision, the long term over which the mortgage is to run, that the equity in the home builds up slowly, and therefore the purchaser of the home may move out and leave it. The Senator from Indiana made that statement.

Regardless of what one may think, that has not been the record. We have been in the housing business—that is with respect to the Federal Government extending some aid to housing—for 25 years or more. We have a long record of experience in this field. People do not move out and leave the houses. They did not do it in the depth of the depression, back in the days of the early 1930's. The Home Owners Loan Corporation—probably the most daring venture that was ever undertaken—was organized to take over the mortgages from the insurance companies and the banks and the financial institutions which found themselves loaded down with home mortgages on which the people were not able to meet the payments regularly.

People did not move out and leave these properties. The Home Owners Loan Corporation over a period of some 10 or 15 years—20 years, perhaps—worked out that most difficult situation and actually ended up with a profit, which it paid into the Treasury of the United States. It is one of the most remarkable feats ever performed. It was done on the basis of the security of the American home, the best credit that can be given in this country. That is the man and his family who live in a little home they call their own. They work for it and pay for it.

There is one other point that I wish to make, and this is particularly significant in connection with the 40-year term of the mortgage. Experience has shown us that regardless of what the length of the mortgage is, the average mortgage is paid off in from 10 to 12 years. It just does not continue to run. The American people pay their debts. They pay their mortgages.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. CAPEHART. Is not the Senator making the best argument that can possibly be made that we do not need a 40-year mortgage provision?

Mr. SPARKMAN. No. The reason for the 40-year mortgage is to provide a low monthly payment, so that the person with a low income can afford it. That is the reason for it.

Mr. CAPEHART. Where does he get the money to pay it off?

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. ROBERTSON. Is it not true that we received a report from the General Accounting Office, to the effect that under the section 221 program more people had bought under that program than were originally entitled to do so; that almost anyone was permitted to go into the program, whether displaced or not; that the program was opened up to almost everyone and more people came in than it had originally been contemplated would come in?

Mr. SPARKMAN. I did not see the report. I am sure that the Senator is quoting the report accurately.

Mr. ROBERTSON. When they got into the 40-year program, they did not pay, and the insurance fund for this particular section is in the red. That is true. I can read the language if the Senator wishes me to do so.

Mr. SPARKMAN. Yes, if the Senator will be kind enough to read it.

Mr. ROBERTSON. I read from the Comptroller General's statement at page 24 of the report:

Because of the complexity of the program and because it has not benefited directly an appreciable number of eligible families who are being displaced by governmental action, we believe that the Congress may want to review the results of the program together with the underlying factors contributing to the results to ascertain what can be done to make the program more effective.

The Comptroller went on to state:

The largest portion of the costs and risks assumed by the Government under the section 221 program is for families who were not intended to receive the benefits of the program.

There was a special group. It was not possible to sell houses to all of them, and so the program was opened up, after a 60-day waiting period, to anyone. Some people who had applied were not properly appraised as to their ability to carry the mortgage.

They probably said, "It is for 40 years. Why not go into it? What is to keep us out? It is for 40 years. We can live in the house for 20 years and then we can say goodbye to the house. That is what they did."

Now it is planned to open it up as an experiment. We now propose to open it up, not only to displaced persons, but to everyone; \$750 million is provided at the start for FNMA to buy the mortgages. The Comptroller General has implied that the new reserve fund will be in the red because people who have little or no incentive to save will move in; they may not intend to pay; or else they may not have the financial ability. Under the

existing program, some occupants have not been properly screened as to their ability to carry the mortgage they have assumed. The taxpayers are invited to lose on an experimental program in 2 years. It all may come in 1 year—\$750 million is sought for FNMA to help support a program which has already been proved to be a wasteful one.

Mr. SPARKMAN. I appreciate the statement of the Senator from Virginia. I must say, in all deference, that I fear he has read into the statement from the General Accounting Office some interpretations which may not be sustained by the facts.

We have a new program. I will admit it was designed, as the Senator from Indiana [Mr. CAPEHART] says, for the placing of persons who were displaced by governmental action. But it was learned—and we learned by experience—that many of those people actually did not want to move into those homes. Therefore, rather than to leave them empty, it was decided that after 60 days those homes would be made available to other persons. As a matter of fact, there is a 60-day lag right there, in which many of the properties are empty.

If the statement of the General Accounting Office is analyzed, it takes into account all of the drag and all of the properties which may be in default. I assume they may have to take them over, not considering the fact that they can work out a great many of them.

I submit that the section 221 program is not yet old enough for us to say that it proves one thing or another. But we do have a section 221 program for a term of 40 years and 100 percent insurance.

Let me call attention to this fact. It is not technically correct to say that this is a no-downpayment program. Actually, there is a downpayment of \$200, which includes the closing costs. It is technically correct to say that it is a 100 percent insured program; but there are several 100 percent insured programs, and there are several 40-year mortgage programs. I do not believe it is quite right to center the attack upon the continuation of this program and the expansion of it to make it possible for lower income people to try to buy homes.

Mr. ROBERTSON. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. ROBERTSON. Did I correctly understand the Senator from Alabama to say that there has not been time enough to determine whether the 40-year program was working?

Mr. SPARKMAN. No; I referred to the section 221 program. There has been a 40-year program under section 213 since 1950.

Mr. ROBERTSON. How long has there been a section 221 program?

Mr. SPARKMAN. Seven years.

Mr. ROBERTSON. Does the Senator believe that by expanding that program we can get the necessary information in 2 years to determine whether to continue it or not?

Mr. SPARKMAN. Certainly we can decide whether it will be usable, so as

to meet the needs of the people. I think that is the heart of the question.

I hope the Senator from Indiana will listen to this statement. He says this would be an ideal arrangement for a young couple. There is much merit in having a reduced payment over the first 5 years. I remember when I was a young man I took out some insurance policies in that manner. Then I stepped them up. But I was beginning the practice of law. I knew I had to go through a starvation period, so to speak. I hoped that at the end of 5 years I would be getting a better income, and I was. I was then able to make the increased payments. So it is with the average young person.

As a matter of fact, I have at different times urged the adoption of a different program—and the FHA can do it administratively in its regular program—whereby payments will be dropped in the first 5 or 10 years, or whatever period is necessary, and then the payments can be increased. That is fine for the young family, which is reasonably expecting an increase in income.

But that is not what this housing is designed for. This housing is designed for the person who is middle aged, and he may be a typical person. He would be a person whose income has leveled off. He would be perhaps a person who was a manual laborer or a person who worked at a fixed-income salaried job, where there was no chance for his income to grow. He would be that person whose income, as I pointed out yesterday, would be \$6,000 a year or below, and who is pretty well excluded today from the market for housing which is new, safe, decent, and sanitary. The Senator from Indiana by the proposal he offers today would continue that exclusion. That is what makes it objectionable, in addition to the objection which the Senator from Virginia has raised against it, as to its administration.

Mr. ROBERTSON. Mr. President, will the Senator from Alabama yield for a question?

Mr. SPARKMAN. I yield to the Senator from Virginia.

Mr. ROBERTSON. I know that the distinguished Senator has on numerous occasions appealed to his Democratic friends in connection with the bill by saying that this is the administration's position.

Mr. SPARKMAN. Yes.

Mr. ROBERTSON. On the question of the staggered loan amortization basis, this is what the Senator from Alabama sent to me as the administration's position:

In addition, lenders would be adverse to making this type of mortgage loan because they would be difficult to service and to market. The proposal would result in the creation of a single mortgage having three separate amortization rates during the life of the mortgage. This would create the type of mortgage which is not conventionally used by lenders. The changes in amortization would require the use of special amortization schedules and the necessity for a lender setting up special bookkeeping procedures for changing the amount of the mortgagor's monthly payment at the end of the first 5 years and at the end of the second

5 years. In addition to the added bookkeeping expense to mortgagees, a lender would encounter difficulty in selling this type of mortgage on the money market.

Mr. SPARKMAN. I agree with that statement.

Mr. ROBERTSON. I thought the Senator said it was a good thing to let a man start with low payments.

Mr. SPARKMAN. No; I said that in connection with the regular FHA program. I have discussed the question with the FHA to see if they could adopt some kind of credit system. I said they could do it administratively. They have practical reasons. As I pointed out, the Senator from Virginia had stated those reasons previously, and I agreed with him.

Mr. President, if the Senator from Indiana will yield back the remainder of his time, I will yield back the remainder of my time.

Mr. CAPEHART. Mr. President, on my amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CAPEHART. Mr. President, I yield myself 1 minute.

I hope every Senator will understand that what we are now talking about is a new section of the Housing Act which directs the FHA to guarantee 40-year mortgages with no downpayment on all homes on which the selling price does not exceed \$15,000. That is the big factor to be kept in mind. We can forget everything else. Do we want to authorize the FHA—and this might well prove to be the ruination of the FHA—to insure mortgages for 40 years, with no downpayment, the only formula or criterion being that the house may not sell for more than \$15,000? This is something absolutely new. It is different.

There have been 40-year, no-downpayment provisions in other sections, but they were limited to certain kinds of people; for example, people who were displaced as a result of governmental action. Also, houses for veterans have been sold with no down payment, up to 30 years; but they were limited to veterans.

Now the proposal is made for 40 years and no downpayment, the only limitation being that the house must not sell for more than \$15,000. That is what we are talking about. That is how simple the proposal is. I do not believe it is good, sound business. I do not believe it is necessary. I would much prefer to remove the section entirely. However, the Senate voted on that question yesterday, and I lost. I will abide by the decision of the Senate.

But I think we can now change this section, so as to provide that the payments for the first 5 years shall be on the basis of 40 years; for the next 5 years, on the basis of 30 years; and for the next 20 years, on the basis of 20 years. I think that is a good compromise, and I believe we should adopt it.

Mr. President, I am prepared to yield back the remainder of the time available to me.

Mr. SPARKMAN. Mr. President, I shall take 1 minute.

The PRESIDING OFFICER (Mr. METCALF in the chair). The Senator from Alabama is recognized for 1 minute.

Mr. SPARKMAN. The Senator from Indiana makes a great to do over the proposed 40-year mortgage. I shall discuss only that one point.

Several years ago, the Senator from Indiana offered an amendment which would make it possible for the FHA to insure existing houses on a 30-year mortgage basis. Let us remember that. During 1960, nearly 40 percent of the mortgages written by the FHA were on existing houses, for 30 years; and some of those houses were as much as 20 years old—which made a total mortgage extension of 50 years. Thirty-seven percent of them were as much as 10 years old which, with a 30-year mortgage, ran the total up to a full 40 years.

So I do not see the consistency of arguing now against a 40-year mortgage on a new house, when under the amendment which was offered by the Senator from Indiana, the FHA today is writing mortgages on existing houses covering 40 years.

Mr. CAPEHART. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. CAPEHART. In the case of an existing house, the one who is purchasing it has an equity in it, and the house is in existence at the time when the mortgage is issued.

Mr. SPARKMAN. But I am talking about the length of the mortgage.

Mr. President, if the Senator from Indiana will yield back the remainder of the time under his control, I will do likewise.

Mr. CAPEHART. Mr. President, I do so.

The PRESIDING OFFICER. All remaining time on the amendment has been yielded back.

Mr. CAPEHART. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CAPEHART. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment "H" submitted by the Senator from Indiana [Mr. CAPEHART]. On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON] is absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY] is necessarily absent.

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from New Hampshire [Mr. BRIDGES]. If present and voting, the Senator from New Mexico would vote

"nay," and the Senator from New Hampshire would vote "yea."

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON] would vote "nay."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES] is absent on official business.

On this vote the Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from New Hampshire would vote "yea," and the Senator from New Mexico would vote "nay."

The result was announced—yeas 39, nays 57, as follows:

[No. 63]

YEAS—39

Allott	Eastland	Mundt
Beall	Ervin	Prouty
Bennett	Goldwater	Robertson
Bush	Hickenlooper	Russell
Butler	Holland	Saltonstall
Byrd, Va.	Hruska	Schoeppel
Capehart	Jordan	Scott
Carlson	Keating	Smith, Maine
Case, S.Dak.	Lausche	Stennis
Cotton	Long, La.	Thurmond
Curtis	McClellan	Wiley
Dirksen	Miller	Williams, Del.
Dworshak	Morton	Young, N.Dak.

NAYS—57

Aiken	Gruening	McNamara
Bartlett	Hart	Metcalf
Bible	Hartke	Monroney
Boggs	Hayden	Morse
Burdick	Hickey	Moss
Byrd, W.Va.	Hill	Muskie
Cannon	Humphrey	Neuberger
Carroll	Jackson	Pastore
Case, N.J.	Javits	Pell
Church	Johnston	Proxmire
Clark	Kefauver	Randolph
Cooper	Kerr	Smathers
Dodd	Kuchel	Smith, Mass.
Douglas	Long, Mo.	Sparkman
Ellender	Long, Hawaii	Symington
Engle	Magnuson	Talmadge
Fong	Mansfield	Williams, N.J.
Fulbright	McCarthy	Yarborough
Gore	McGee	Young, Ohio

NOT VOTING—4

Anderson	Bridges	Chavez
Blakley		

So the Capehart amendment was rejected.

Mr. SPARKMAN. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to table.

The motion to lay on the table was agreed to.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I should like to ask the majority leader whether it is his intention to complete action on the housing bill today, and also what is likely to come up the fore part of next week, if he can now advise the Senate.

Mr. MANSFIELD. Mr. President, in response to the question raised it is our hope we may be able to conclude our deliberations on the housing bill by this evening. If we do, then it is the intention of the leadership to ask to go over until 12 o'clock noon on Monday next.

On Monday we expect to consider the Consent Calendar.

On Tuesday it is anticipated tentatively that the Senate will consider the nominations of Mr. Swidler and Mr. Morgan.

It is anticipated the highway tax bill may be reported by the Committee on Finance on Wednesday or Thursday and may be before the Senate for consideration.

I wish to say further that so far as the National Defense Education Act proposed legislation is concerned, if and when it is ready it will be reported to the Senate as quickly as possible for consideration by the Senate.

Mr. DIRKSEN. Mr. President, will the Senator from Tennessee yield further?

Mr. GORE. I do not think I shall ever again decline to yield to my friend from Illinois, Mr. President. [Laughter.]

Mr. DIRKSEN. I thank my friend.

Mr. President, I have suggested to the majority leader, in view of the fact that two reorganization plans will have to be acted on on or before the 26th day of June, at least there should be time on one day for a full dress discussion of those matters. It is likely that a disavowal resolution will be submitted by that time. I have made the suggestion that perhaps on Wednesday next, Senators having particular interest in these plans, coming from the Committee on Government Operations, can prepare themselves for an afternoon of discussion of the subject.

Mr. MANSFIELD. Mr. President, that is a reasonable request. I hope the distinguished minority leader will make it Wednesday or Thursday.

Mr. DIRKSEN. That is agreeable.

Mr. MANSFIELD. I say, for the benefit of the Senate, we are operating on eastern daylight saving time and not on central daylight saving time today.

Mr. DIRKSEN. Mr. President, I thank the distinguished Senator from Tennessee, and I thank the distinguished majority leader.

HOUSING ACT OF 1961

The Senate resumed the consideration of the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

Mr. GORE. Mr. President, I desire to offer an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 1, beginning with line 5, it is proposed to strike out all through line 10 on page 13.

It is proposed to renumber the succeeding sections in title I accordingly.

Mr. GORE. Mr. President, I shall make a very brief statement, if I may have the attention of Senators.

I regret very much the necessity for offering the amendment, but I feel a

conscientious duty to do so. The amendment would strike from the bill the provision for insurance of 40-year, no downpayment loans.

Mr. President, this provision is designed for the benefit of the middle-income group, not for the low-income group. I do not understand why it is not practical to require a downpayment for a family moving into a new home, with freshly sanded floors and freshly painted walls. Why, Mr. President, it is necessary to make a downpayment on a second-hand automobile, on a washing machine, or on a bicycle.

Now it is proposed by the bill to sell homes to the Government of the United States, through the use of some person's name, and to allow that person to move in without a downpayment on a 40-year loan basis.

I earnestly believe that I sincerely support what I think is a progressive course of development for our economy and for our social system. How far must we go? We are talking about teachers and policemen and bank clerks, about people with regular jobs who make \$500 or \$400 a month. That is a pretty good salary in most of our communities.

My amendment would not change the present provisions of law, requiring a downpayment of only approximately \$500 for a \$10,000 house, and providing 30 years for full payment. It seems to me that is quite liberal and quite progressive. Now it is proposed, not for a special group such as those who have to move because of the location of a highway or because of an urban redevelopment program, but for everybody in the middle-income group of America, which is about 70 percent of America—

Mr. SPARKMAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. PELL in the chair). Does the Senator from Tennessee yield to the Senator from Alabama?

Mr. GORE. I yield.

Mr. SPARKMAN. The Senator states a \$500 downpayment is due for a \$10,000 house now. As a matter of fact, only \$300 is required. Under the terms of the bill before the Senate, \$200 would have to be paid for such a house. I have said on the floor of the Senate many times that it is technically not correct to refer to this provision as a no downpayment provision, because one does have to make a \$200 downpayment.

Mr. GORE. Mr. President, to speak technically, the \$200 includes—

Mr. SPARKMAN. The money can be used to cover the closing costs, but the remainder would go on the mortgage.

Mr. GORE. I was about to say, to speak technically, the \$200 includes the closing costs, which can be borne by the builder. That is what is done in a good many instances now.

If the committee and if the Senate really wish to bring about a vigorous homeownership program for the middle-income group of our people, there are ways to do it. We could strike at the mortgage discount racket. There are several ways we could do it.

I submit that the present proposal goes too far. It is economically unsound.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. MONRONEY. Would it not be a far better way, if we are trying to make possible ownership of these homes by middle-income families, for the committee, for the Congress, and for the administration, to try to bring down the interest rate at the retail level to fit the decline at the wholesale level of interest rates, now evidenced in the interest cost on Government financing?

Should we not make a fullfledged attack to reduce the exorbitant interest rate, which in my State still is over 6 percent for the average home buyer, counting the discount? Should we not use the power of Government, through FNMA, through more vigorous efforts among the life insurance lenders and the building and loan associations, to bring back into force the Democratic interest rates that were in effect some 8 years ago, so the middle-income group can buy a house and pay for it within 30 years without the large load going into the interest component, providing no degree of benefit for the homeowner?

Mr. GORE. Of course, if Congress really wishes to spur home ownership by the middle-income group, it must take action to make loans available at reasonable interest rates and absolutely prohibit the under-the-table discount racket. However, that question is not now at issue. We have before us a simple question. The bill provides for 100-percent mortgage insurance. I ask the chairman of the committee if that is not correct.

Mr. ROBERTSON. That is correct. The chairman of the committee wishes to point out that in years past, when he was fighting against the expansion of public housing for low income groups, he predicted that we would be called upon to expand the program to other groups beyond the low-income group. We would expand it under this bill.

We have expended \$896 million in annual contributions toward public housing for the low-income group. We will eventually pay under outstanding contracts, and cannot get out no matter how tough the financial going might be, an additional \$8 billion. We would provide in the bill a maximum of \$3.1 billion more toward public housing for the low-income group. Then we would say to the middle-income group, "We will let you start with 100-percent loans backed with \$750 million for FNMA."

If by such procedure we are not going down the road to statism, I do not know what to call it.

Mr. GORE. Mr. President, if a citizen who earns \$400 or \$500 a month buys a 5-year-old automobile, he probably has to pay \$500 down. We propose to give a guarantee on 100 percent of the cost of a brandnew home, with new floors, new fixtures, and new paint. Think of the depreciation in the first years of occupancy by a family. Such a suggestion is impractical. I do not believe that in order to be a progressive or a liberal, one must leap overboard. The law contains a sound provision for a 30-year amortization term with the most liberal

provisions for downpayment. The issue is very simple.

Mr. LONG of Louisiana. Mr. President, the point that concerns me about this question is that some of the proposed purchases will not be good purchases. If we should undertake to make a no-downpayment arrangement, by which a person could sign his name to a 5½-percent mortgage note for a term of 40 years, if he wished to throw the mortgage back on the market, in most cases the Government would be stuck with it. To say "no downpayment" is to divorce ourselves completely from the prudence of individual purchasers and from the care that is required of a home owner to decide whether it is a good idea to sign a 5½-percent mortgage for \$15,000. At least, to require a downpayment helps to emphasize some responsibility on the part of the purchaser. But to provide no downpayment would put the Government completely at the mercy of its own investigators to require that in all events the housing be worth \$15,000 and then to endorse a 5½-percent interest rate, which I am not too sure we can rightfully endorse. The Government can obtain money at a cheaper rate than 5½ percent.

Mr. GORE. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. ERVIN. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. ERVIN. I ask the able and distinguished Senator from Tennessee if he does not agree with me that such a provision as is proposed would have a tendency to impair the confidence of the public, even in the good and sound portions of the housing program?

Mr. GORE. If the provision should become a subject of widespread abuse, the answer would be in the affirmative. I fear that it would be abused.

Let us consider the example of a family which moves into a house and remains a year and a half, when something goes wrong with the water heater. There is a leak in the house. The homeowner finds something wrong with his lawn. He does not like his location. What do Senators think the value of the house would be after 18 months? The Government would be guaranteeing a 100 percent loan on it. The occupant might have made no downpayment whatsoever except some part, if any, of the closing costs. I believe that we already have a very liberal, progressive program with the 30-year program, and every person who could qualify by making a small downpayment could qualify under the 30-year program.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. ROBERTSON. The Senator mentioned the value of the house after 18 months. It would be more than 10 years before the purchaser of one of the proposed homes would have an equity in it that would make him want to remain and pay out. Up to that time he could leave and would have enjoyed cheap rent for the period of his occupancy.

Mr. GORE. Mr. President, again I say it is with regret that I offer the amendment, but I did not want to see this kind of provision pass without raising my voice against it. I submit the issue to the Senate.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. BUSH. I support the amendment of the Senator from Tennessee. I think it is sound, and I applaud him for his careful argument and reasoning in connection with the proposal. I believe, as he does, that with the heavily subsidized FHA program we now have, with very small down payments, we have an adequate program. As I understand the amendment of the Senator from Tennessee, it would simply strike out title I of the bill and leave the situation as it is today with respect to FHA insurance programs. I very much hope that the Senate will support the amendment of the Senator from Tennessee.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. SPARKMAN. How much time does the Senator desire?

Mr. CLARK. How much time remains?

Mr. SPARKMAN. Thirty minutes remain.

Mr. CLARK. I would like 5 minutes.

Mr. SPARKMAN. Mr. President, I yield 5 minutes to the Senator from Pennsylvania.

Mr. CLARK. It is always with deep regret that a Member in the back row of this Chamber rises to oppose an amendment proposed by another Member in the back row—particularly so able a Member as the Senator from Tennessee, and particularly when he is supported by so able a liberal Senator as the Senator from Oklahoma. But as a member of the Committee on Banking and Currency, which has wrestled with this problem for the 4½ years that I have been in the Senate, I am compelled to invite the attention of my colleagues to the fact that the amendment, which already has been twice defeated in substance on the floor of the Senate when offered by a Republican, will now, if accepted when offered by a Democrat, result in the elimination of one of the most important features of the entire housing bill. The problem of how to deal adequately with the needs for decent, safe, and sanitary homes for American families, whose incomes range from \$4,000 to \$7,500 a year, has plagued the Committee on Banking and Currency for many years before I came to the Senate, and it is still plaguing us today.

Many suggestions have been made, including a very valuable one by the Senator from New York [Mr. JAVITS], which I cosponsored last year. The Housing and Home Finance Agency, having studied the matter for years, came up with the proposal contained in title I of the bill, which is now opposed by the Senator from Tennessee. It is a proposal on which much testimony was taken and which was carefully considered. It is the program of the President of the United States. I read from the message

of the President as it appears at page 9 of the hearings:

I am, accordingly, recommending that the present limited FHA insurance of no-downpayment, 40-year mortgages—now available only to families displaced by governmental action—be broadened on a temporary and experimental basis to include any family and be otherwise amended to make these mortgages more attractive to private investors. This broader program will offer an opportunity and a challenge to both builders and lenders to meet the needs of middle income families through private enterprise without Government subsidy.

That is what President John F. Kennedy told Congress.

It has been said that the program results in no equity for the home owner and that it is a giveaway. I call attention to the table which appears at page 927 of the hearings, which shows the equity built up year by year by a borrower under the proposed program. I am sure that the accuracy of the table cannot be contested. If the Senator from Tennessee is concerned about the fact that there is no downpayment provided—and I am not—the way to remedy that situation is to amend title I by calling for a small downpayment, not by eliminating the entire program and thus throwing by the baby out with the bath.

It is also said that the program is unprecedented. It is not. There are already programs in effect with a 40-year, no-downpayment provision under section 221.

This is not a new, untried program. It is a program recommended by the President of the United States, by the Housing and Home Finance Agency, and by a large majority of the Banking and Currency Committee. I hope that at this late date, having refused twice on the motion of a Republican Senator to strike the substance of this section out of the bill, or substantially weaken it, the Senate will not strike it out on the motion of a Democratic Senator.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. ROBERTSON. The Senator has referred to the message of the President, which included, as I heard it, a statement that this was going to be a program of private enterprise.

Mr. CLARK. The Senator is correct.

Mr. ROBERTSON. Did the FHA witnesses testify before the Senator's subcommittee that on the 40-year no-downpayment program, when one takes into consideration the depreciation of the property, after 22 years the homeowner would not even have enough of an equity to pay a 5-percent commission on the resale of the house?

Mr. CLARK. I call attention to the table at page 927, which shows that the homeowner at the end of 22 years, having a house which started at a value of \$10,000, would have a depreciated value on his property of \$7,400. He would have and equity of \$349.

Mr. ROBERTSON. Which is less than 5 percent. That is what I said. It takes 5 percent to get a real estate man to sell the house for a person. He would have no real equity even after 22 years.

Mr. SPARKMAN. Mr. President, I yield 1 more minute to the Senator from Pennsylvania.

Mr. CLARK. In brief reply to the Senator from Virginia, I can only say that he has been completely consistent in all the years that I have served under his genial chairmanship. He is as fine a chairman as any I have ever served under. The Senator from Virginia and I rarely agree on these matters. He not only disagrees with me but with the President of the United States, with the Housing and Home Finance Agency and with practically every expert who has been trying to do something for middle income people.

Mr. ROBERTSON. But the Senator from Virginia has been consistent in what he has been trying to do.

Mr. CLARK. He has been completely consistent.

Mr. LONG of Louisiana. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield.

Mr. LONG of Louisiana. I call attention to the chart at page 927 of the hearings, which has been referred to. The chart shows that after the first year the person who bought a \$10,000 house had no equity whatever. He has not even paid the cost of what it takes to get his name on the mortgage. He has not even paid the closing costs. At the end of 20 years, after he has been paying for 20 years under the proposed program, with no down payment having been paid, he has an equity of \$312. That amounts to a 4-percent equity, which is 1 percent less than it would take him to hire a real estate agent to get rid of the house for him. That is the equity the person has after 20 years of payments on the house.

I support the Senator from Tennessee on his amendment. I am in favor of low payments. I am in favor of low downpayments, too. I am in favor of reduced interest cost. However, Mr. President, this proposed program is nothing more than an encouragement to a person to sign a mortgage which after 20 years of payments does not even give him enough equity to pay someone to get the house off his hands. It is nothing but an encouragement to irresponsibility on the part of the person who buys the house. I am in favor of the person taking some responsibility, other than his mere signing of the Government's name on the contract, which is what it amounts to. All he has at the end of that period is a 4-percent equity. That is assuming that he bought a good house to begin with.

Mr. GORE. Assuming also that he is still living in it.

Mr. LONG of Louisiana. Yes.

Mr. GORE. How far would the guarantee of the Government extend? I ask the Senator to look at the table. I do not know about the accuracy of the table. However, taking the table as it is, what would be the amount of the Government's guarantee after a family had lived in a new house for a year?

Mr. LONG of Louisiana. In a year the guarantee would be 100 percent on the depreciated value.

Mr. GORE. What is the depreciated value on a \$10,000 house?

Mr. LONG of Louisiana. \$9,950, after 1 year.

Mr. President, I am in favor of some responsibility being placed on the person who signs his name on a contract, recognizing that the Government is to resell the house. Where is the Government going to get an agent to repossess the house and sell it to someone else, aside from taking the entire loss?

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. ROBERTSON. The Senator is making the point that private industry is not going to buy these bonds. I call the Senator's attention to the fact that the subcommittee wanted to extend the section to moderate incomes, and evidently felt the same way about it, because it put in \$750 million for FNMA to buy them, plus \$750 million to be used at the discretion of the President. The President sent word, "Do not give me this \$750 million; \$750 million is enough. I do not want the additional \$750 million." Therefore \$750 million was put in here to finance the program with 100 percent Government money. That shows how much they think banks and savings and loans will take these mortgages.

Mr. LONG of Louisiana. I am now trying to get some people out of housing difficulties they incurred by putting up downpayments contrary to the intention of the law.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. For the Government to assume 100 percent of the cost is to encourage some person toward irresponsibility and dishonesty, to build a house and to pay someone to buy it, hoping that the Government will never find out about it. After all, he would have some profit in it, I assume. I am willing to go along with any liberal or reasonable low-cost housing proposal; but the complete irresponsibility of a mere 4-percent equity—assuming it was a good house to begin with, at the end of 20 years—is something I cannot go along with.

Mr. CLARK. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. CLARK. Did I correctly understand the Senator to say that he wanted the purchaser of a house to have some responsibility?

Mr. LONG of Louisiana. Yes.

Mr. CLARK. Does not the Senator know that when the purchaser signs the mortgage, he assumes full responsibility for the mortgage, whether the house is good or not?

Mr. LONG of Louisiana. I once had the honor to serve on the committee on which the Senator from Pennsylvania now serves. The testimony of the then FHA director concerning the responsibility of the person who signed the mortgage was that so far as the middle-income person was concerned, the FHA did not look to him for one moment to redeem the mortgage, but went to the value of the property itself, if that person turned it back the next day.

Mr. CLARK. But the purchaser is legally liable for the full amount of the mortgage.

Mr. LONG of Louisiana. Legally; yet the testimony of Government witnesses was they did not consider that the deficiency liability of the mortgagee was worth the paper on which the signature was written.

Mr. CLARK. There was no such testimony in connection with this bill.

Mr. LONG of Louisiana. Not before the Senator from Pennsylvania; but I sat and heard that testimony before the Senator from Pennsylvania became a member of the committee, and that is the way I believe the FHA still feels about it with respect to middle-income people. They are not going to recover against them; they are going to take a loss against the mortgage.

Mr. ROBERTSON. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. ROBERTSON. In Florida, and in a number of other States, it is not possible to get a deficiency judgment on a foreclosed mortgage. One takes the security, and that is all he gets.

Mr. LONG of Louisiana. That will be found to be true in many places, I am sure.

Mr. SPARKMAN. Mr. President, I yield 3 minutes to the Senator from Illinois.

Mr. DOUGLAS. Undoubtedly there is a good deal of risk connected with the 40-year mortgage with no downpayment. Some mortgages will be defaulted but I have faith that their number will be far less than the opponents fear. Furthermore, we should recognize that the insurance reserve will be one-half of 1 percent per year. In 40 years this will build up to 20 percent of the value of the house. It would take a very high percentage of complete loss to cause a net loss to FNMA. But the ratio of complete loss would be small.

Up until this time, we have never been able to find an answer to the problem of providing decent housing for people having lower middle-class incomes from \$4,000 to \$6,000 a year. Their incomes are too high for public housing, and too low for them to get decent housing under existing systems of financing.

This proposal is an experiment to see if it is possible, with long periods of amortization, that these groups, with monthly payments of from \$60 to \$100, may be able to get decent housing under private ownership, under the private real estate system, and under private financing, with merely an ultimate Government guarantee, standing as a third-line reserve behind the individual loan.

Housing can certainly last for 40 years. There are houses in New England—wooden houses—which have been in existence for more than 200 years, and which are still hale and sound. There is no necessary reason why physical depreciation should wipe houses off the board at the end of 40 years.

I hope that we may be willing, at least, to experiment in dealing with this group of people. If we defeat this proposal embodied in title I, I think it will be necessary to write off all efforts to provide decent housing for the lower and middle classes under private ownership. I do not want to do that.

Mr. SPARKMAN. Mr. President, I yield 3 minutes to the Senator from Iowa.

Mr. MILLER. Mr. President, I support the amendment of the Senator from Tennessee. Something was said about the bill having been sent to Congress with a message from the President of the United States. The President of the United States was quoted. However, I call attention to the fact that the President said those words on March 9, 1961. Much has taken place since that time. The international situation has become more acute. The President has been asked to spell out what he means by sacrifices on the part of the people which will be necessary in order to meet the Communist challenge. In fact, as recently as May 25, the President said to Congress:

Moreover, if the budget deficit now increased by the needs of our security is to be held within manageable proportions, if we are to preserve our fiscal integrity and world confidence in the dollar, it will be necessary to hold tightly to prudent fiscal standards; and I must request the cooperation of the Congress in this regard—to refrain from adding funds or programs, desirable as they may be, to the budget.

I detect that the distinguished chairman of the committee has already pointed out, just as the Senator from Tennessee has pointed out, that the bill as it now stands is not up to prudent fiscal standards. If we are to legislate in a way that will encourage the people not to abide by prudent fiscal standards, then how can we expect to support prudent fiscal standards on the part of Congress?

Speaking of sacrifices, it is little enough to ask that the people who will be the recipients of the benefits of the act be willing to make enough sacrifices to make at least a reasonable downpayment.

I hope the amendment of the Senator from Tennessee will be adopted. I believe it is a step in the right direction. It is a step in line with the policy which the President of the United States has already recommended more recently than when he called for action on this proposed legislation. As a matter of fact, there is much doubt in my mind whether the bill ties in with the policy of the President of the United States, who said a few days ago that Congress should refrain from adding funds or programs to the budget in view of the Nation's fiscal deficit. Be that as it may, I hope the amendment will be adopted.

Mr. SPARKMAN. Mr. President, I yield 3 minutes to the Senator from Oklahoma.

Mr. MONRONEY. Mr. President, I had the pleasure of serving on the Committee on Banking and Currency from almost the beginning of the FHA until the time, regrettably, I left that committee. I have dealt with the FHA through the years from the time we brought the interest rate down to 4 percent and extended the time of mortgages from 20 to 30 years.

We are working on the wrong end of the spectrum, if we really want housing. The fundamental test of whether we will get housing is in the interest rate which the borrower is committed to

pay for a long period of time. We Democrats, who have felt the pressure upward on housing interest rates, saw the strangulation of adequate low income housing, and many of us, both those who are for and those who are against the amendment, have acted accordingly throughout several years. Now we divided on the way to stimulate housing.

I believe the way to supply middle-income housing is by making every human effort possible to bring the interest rate on the class of homes concerned down to 4½ percent. If I remember correctly the figures we cited, the additional cost of 1 percent in the interest rate on a 30-year loan, with the rise of that 1 percent, there is a sacrificing of one room of a house, or compelling the buyer to pay 10 years longer before he owns the house.

Now we find ourselves in the committee going in the opposite direction. The rate of interest for the normal housing program has been brought down from 5¾ percent to 5½ percent, and now to 5¼ percent. But now we find the committee raising it again to 5½ percent. I should like to see the rate reduced, because I am convinced that if a level of 4½ percent can be reached, the middle income people can buy houses. They can have a decent equity and can own the houses clear of debt within 30 years. They will be far better off than if we saddled them or their children or their grandchildren with a 40-year mortgage loan, but a less desirable house.

If we observe the table to which the distinguished Senator from Pennsylvania called attention, we will find that at the end of 20 years the home borrower has only \$312 equity. What kind of investment or savings program is that as an incentive for home ownership? Certainly the Government is the endorser of the mortgage, and the mortgage company has the home ownership. All that the man has is a sort of long-term lease, without the acquisition of any equity, after he has been paying on the house for 20 years. That goes against the system of encouraging home ownership. I feel that we could do far better by taking the \$750 million offered to support this unsound, uneconomic, undesirable loan program which is proposed to be offered to the 40-year home buyers, and aggressively seek to drive down the mortgage interest rate. The \$750 million would help much. The additional \$750 million which the committee asked the President to include will be added to \$1,500 million to bring the interest rate down. Then there will be an investment in the same type of security that rests behind the insurance policies of New York Life, Massachusetts Mutual, and all the other great insurance companies of the world.

I will ask some member of the committee to state what the testimony was as to the increase in the amount of discount which would be demanded on a 40-year, no-discount loan. I am afraid it would again give a resurgence to the rediscount rates demanded under the normal and regular FHA program which has proven to be so successful.

Can the chairman of the committee tell us about that?

Mr. ROBERTSON. There was testimony, in behalf of the insured savings and loan associations, that they would not be interested in a 40-year, no-down-payment plan. They said that if we were to adopt such a plan, we might just as well provide for a direct Government loan; and that also goes to the hocus-pocus of selling the bonds.

Mr. CLARK. Mr. President, will the Senator from Oklahoma yield?

Mr. MONRONEY. I yield.

Mr. CLARK. I think the Senator from Oklahoma said he was under the impression that this proposal would increase the interest rates. Let me ask the basis for that statement, if that is what he said.

Mr. MONRONEY. The interest rates under the FHA have now, during this administration, and wisely so, I believe, been reduced from 5¾ percent to 5½ percent, and now down to 5¼ percent. That is good. But that does not mean that is the ultimate rate the purchaser pays. It is not because of the discount.

Mr. CLARK. I thought the Senator said that under the committee's proposal, the rate would rise again to 5½ percent.

Mr. MONRONEY. I understand that is the amount—5½ percent—

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

Mr. MONRONEY. Can the Senator tell me? The table shows they quoted a 5½-percent interest rate.

Mr. CLARK. If I may answer, let me say it is a hypothetical table, based on a 5½-percent rate. It is not thought that the rate would be any more or any less than the going rate.

In answer to the Senator from Virginia, let me say it is contemplated that this is to be a purely experimental program, and that in all likelihood the FNMA will pick up the mortgages, so no rediscount questions will arise.

Mr. MONRONEY. How could it be experimental if all the money will be Uncle Sam's money? I think it is high time that the retail money rate be brought down; and that can be done only by affirmative action by the Government, following the action of our great Banking and Currency Committee, in order to revitalize this segment of activity in our country by providing it with the tools which have been used so successfully through the years, on behalf of the home purchasers, instead of the investors; and this procedure has been a stabilizer at par of Government-insured mortgages, instead of having a rediscount house tell the purchaser how much it would mark down his mortgage. I do not think we shall improve conditions by providing for such new mortgages, for the Senator says the Government would have to back up this arrangement.

During my service on the Banking and Currency Committees—and I served for approximately 12 years on the Banking and Currency Committee in the House of Representatives, and for 5 or 6 years on the Senate Banking and Currency Committee—I observed that once action was taken to extend the terms under

FHA, it never was possible thereafter to roll them back—for instance, to a shorter period of time.

This plan may be experimental; but if we take this step, later we shall be told that to reduce it would result in a collapse of the entire market and would result in unemployment.

In other words, I think the step now proposed is a dangerous one, and we should not take it.

Let us get the interest rate down, of course. Under the present arrangement, we can bring the rate down to 4½ percent or 5 percent, for the benefit of those who need to finance their purchases of homes.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CLARK. Mr. President, will the Senator from Alabama yield one minute to me?

Mr. SPARKMAN. I yield 1 minute to the Senator from Pennsylvania.

Mr. CLARK. I should like to say to the Senator from Oklahoma that for many years we have had a special-assistance category under which FNMA has been authorized to pick up the mortgages at par, and not force them to be thrown on the open market.

So this proposal is simply for another special-assistance program, which the President of the United States and the HHFA officials think will be the best way to break the bottleneck in regard to moderate-income housing, which is the one great failure of the present program.

Mr. MONRONEY. Mr. President, if the Senator will yield, let me say I supported the special arrangements for particular groups which had been made in the past—for instance, the special arrangement for those who had been displaced by Government action. But once we take the step now proposed, I am sure it will be most uneconomic, and will rise to haunt both us and the housing industry in the years to come.

Mr. BUSH. Mr. President, will the Senator from Tennessee yield 2 minutes to me?

Mr. GORE. First, Mr. President, let me ask how much time remains under my control.

The PRESIDING OFFICER. Three minutes.

Mr. GORE. I yield 2 minutes to the Senator from Connecticut.

Mr. BUSH. I wish to call attention to page 20 of the appendix of the hearings, which shows what the downpayments are now for owner-occupants. The maximum mortgage amounts, under the present legislation, are \$22,500 for one-family houses, \$25,000 for two-family houses, \$27,500 for three-family houses, and \$35,000 for four-family houses. The minimum downpayments are 3 percent of the first \$13,500 of value, plus 10 percent of the next \$4,500 of value, plus 30 percent of value above \$18,000.

Those amounts were established in recent years by the Banking and Currency Committees and by the Congress. It was felt—and I still feel so, and I believe the Senator from Tennessee has made an excellent case for it—that if a person wishes to buy a home, he should first accumulate some savings. We are not ask-

ing him to make a large downpayment on a \$13,500 home, when we ask for only a 3-percent downpayment.

I think one of the troubles today in our country is that we encourage the borrowers more than we do the savers. And I think this new proposal is a move in that direction. I believe we should encourage people to save enough money to be able to make a small downpayment on a home.

For that reason, I think this amendment is an excellent one; and I believe it should prevail.

Mr. SPARKMAN. Mr. President, let me ask how much time remains under my control.

The PRESIDING OFFICER. Sixteen minutes.

Mr. SPARKMAN. At this time, I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator from Alabama is recognized for 3 minutes.

Mr. SPARKMAN. I wish to say, Mr. President, that if this amendment is agreed to, the heart will be taken out of this measure.

The Senator from Iowa has referred to the necessity to make sacrifices. The trouble with this amendment is that the only sacrifice it would call for would be a sacrifice by poor people. People of means are amply protected under this measure and under existing legislation, and there is now no opportunity to strike at them at all.

The amendment of the Senator from Tennessee would strike out two parts of the pending bill. The first is the one which is for the benefit of families which cannot afford to purchase a home, and cannot even afford to pay a decent rental, but would enjoy a slightly subsidized program, to the extent of 3½ percent, rather than the standard rate of interest. To that extent, it will be a subsidy; but I submit it is a much lower subsidy than that paid on public housing.

The purpose—as has been stated heretofore—is to do what we have sought for many years to do—namely, find some substitute for public housing. The rental part of this program seeks to do just that, for the benefit of the really low-income group of the people of the country.

The second part of the bill which the amendment of the Senator from Tennessee would strike out deals with sales housing for the lower-income and middle-income persons.

We have provided for 3 percent downpayments on loans up to \$13,500. The Senator has said a person ought to save money in order to make a downpayment. Three percent on \$13,500 amounts to \$405. In addition, there are closing costs of \$200. That means a person has to save \$605; and a man earning \$4,000 a year, who has several children, has a hard time saving \$605.

One has to save up to \$200, under the bill. While it has been referred to time and time again as a no-down-payment bill, a person has to make a downpayment of \$200. The loan is 100 percent insured, but this is not the only program providing for 100 percent insur-

ance. We have other programs with 100 percent insured loans.

Senators talk about the Government losing money. It is disappointing to me that so much of the discussion has been from a pessimistic viewpoint. The record of the past so far does not bear out that viewpoint. I call attention to the fact that in the dark days of the depression the Home Owners Loan Corporation was organized. There was a mortgage on practically every home in America. The people in those homes did not move out and leave them. They did their best to meet the payments. The Home Owners Loan Corporation was established to provide relief, not to the homeowners, but to the banks and other financial institutions. The Home Owners Loan Corporation took over those mortgages.

Yet, after the time of liquidation, there remained a profit of \$130 million, or something in that neighborhood, which was paid into the Treasury of the United States. That is the kind of record we had in the very depths of the depression. People do not move away from their homes in America. The best security that exists today is a mortgage on a home occupied by a man and his family that they can call their own. That is what the record in this country has been.

Many Senators now present have voted time after time for a provision—and there is a similar provision in the pending bill, and I want to see how Senators vote on it—to permit veterans to get 100 percent guaranteed loans from the U.S. Government, or to participate in a guarantee program of 100 percent, with no downpayment. Senators have voted for such a program time after time. There have been 5,016,149 primary home loans closed by the Veterans Administration, of which 71.7 percent were 100 percent guaranteed loans with no downpayments.

Do Senators know what the default record has been? This is a program which has been running since 1944. On the whole program, including downpayment loans and no downpayment loans, the percentage of claims paid by the Government was 0.61. I submit that is a good record. On the no downpayment loans, the percent was 1.06.

I think that is a pretty good record as to what American homeowners do with home loans that are 100 percent no downpayment loans. That is the record. Why should we be casting all of this gloom about what the borrowers are going to do? They are not going to do any such thing; they are going to continue the record they have made.

Senators talk about the Government being stuck with this arrangement as if it were a dead loss to the Government.

It must be remembered that a person who buys a home pays an insurance rate for insurance protection. Over the years there has been built up a reserve of \$800 million. Added to other profits, there has been a profit of over \$1 billion in housing programs.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. ROBERTSON. Is it not true that on all the VA guaranteed loans with no

downpayment, the foreclosure rate has been higher than it has been in the general FHA program?

Mr. SPARKMAN. I do not have that comparison before me. I gave the figures as they applied to the Veterans' Administration.

Mr. ROBERTSON. But did not the figures cited by the Senator show that there was an increase of 50 percent—

Mr. SPARKMAN. I showed what the rate has been.

Mr. ROBERTSON. The rate of claims paid under the VA program was less than 1 percent only a few years ago, and went up to 1.28 percent last year. Is that correct?

Mr. SPARKMAN. One and six one-hundredths percent has been the percentage of defaults, or the claims paid on no-downpayment loans.

Mr. ROBERTSON. According to Housing Statistics for March 1961, the defaults were at the average rate of 1.28 percent last year.

Mr. SPARKMAN. I am looking at the figures that have been supplied to me from the Veterans' Administration. Anyhow, the record shows that the defaults have been very low in number. I think it is an extremely good record.

In addition, let me use the veterans' guarantee loan program as a guideline. Remember that we would have expected that returning veterans would probably be the most restless persons of all, and would be more likely than anybody else to pick up and move and not pay off their mortgages. What has been the record as to the payoff time of those mortgages? Eleven and six-tenths years. That is the actual record.

I agree with the Senator from Oklahoma that, if we could bring the interest rates down, we could help people buy homes. But we may as well be practical. We know we are not going to get the interest rates down to 4 and 4½ percent.

The question is just as simple as this: We have an FHA program under which persons having incomes of \$7,000, \$8,000, \$10,000, and \$15,000 can get help from the Federal Government. We do not have one under which persons having incomes from \$4,000 to \$6,000 can afford to have safe, decent, sanitary homes, the kind Congress said every family was entitled to. The housing policy enacted by Congress in 1949 was that every American family was entitled to a safe, decent, sanitary home, amidst decent surroundings.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SPARKMAN. I yield myself 1 additional minute so that I may yield to the Senator from Virginia.

Mr. ROBERTSON. I have found the figures the Senator from Alabama used. They appear on page 590 of the hearings. The percentage of claims paid on no downpayment loans was 1.06, but for the downpayment loans it was only 0.43—less than a half.

Mr. SPARKMAN. Yes. I referred to the differential. But it is a very low figure.

I pointed out earlier that we have other 40-year programs. I do not think

a single Senator present on the floor raised his voice against it when the Senator from Indiana presented an amendment, some 2 years ago, which would make it possible for the FHA to insure loans of 30 years on existing homes.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SPARKMAN. I yield myself 3 more minutes.

Nearly 40 percent of the loans insured by the FHA last year were on existing homes, and they were 30-year mortgages. Some of those homes were 20 years old. As I recall, 37 percent—it was a high percentage, although I do not have the exact figure before me—were 10 years old.

Then we were allowing mortgages on old houses, not on new homes, on a 40-year basis. We know that there has been a great improvement in the quality of home building. Forty years of expectancy is no longer an unreasonable time.

Mr. President, I am willing to close the debate with simply a final argument, that agreeing to the amendment would take the heart out of the bill. It refers to the new program which has been proposed by the last two administrations. President Eisenhower first sent the program to the Congress. Now President Kennedy has sent it to the Congress. It is in keeping with the President's program.

This is a program which seeks to do two things. First, it seeks to provide a rental housing program which will replace the present public housing program. Second, it seeks to provide a home purchase program which will make it possible for those people in the United States who earn between \$4,000 and \$6,000 a year to own a decent homes.

If the Senate takes out the provision covered by the amendment it will take out all that is in the bill for the poor folks. The bill will take care of those in the upper income strata. It will take care of those in the upper 25 percent of the income groups of the United States, according to the census. However, if we take out this provision we will take out the benefits for those in the lower 75 percent of the income groups of this country. That is exactly what the amendment amounts to; no more and no less.

Mr. LONG of Louisiana. Mr. President, will the Senator yield for a question?

Mr. SPARKMAN. I hope the Senator will be very brief, because my time is about to run out.

Mr. LONG of Louisiana. The Senator says that we cannot do anything about the high interest rates these people have to pay.

Mr. SPARKMAN. I said that we cannot beat the interest rates down. We would be able to do something, by the terms of the bill, about lower interest rates. There is a subsidy, to which I referred, on the rental housing, in regard to the interest rate. Today the rate would be 3½ percent. That is reasonable. It is a subsidy.

Mr. LONG of Louisiana. As one who went around to tell the people that we

were going to do something about the interest rate situation, I ask, why do we not try?

Mr. SPARKMAN. That is what we are trying to do. The amendment offered by the Senator from Tennessee seeks to strike the provision from the bill.

Mr. LONG of Louisiana. The amendment does not have anything to do with interest rates.

Mr. SPARKMAN. It would strike out the only low-interest rate provision in the bill, the one provision which would give the poor folks, who cannot afford to pay for decent rental housing, an opportunity to get rental housing at 3½-percent interest. This amendment would strike out that provision.

The PRESIDING OFFICER. The time of the Senator from Alabama has expired.

Mr. BUSH. Mr. President—

The PRESIDING OFFICER. The Senator from Tennessee [Mr. GORE] has 1 minute remaining.

Mr. BUSH. Mr. President, I should like to make a few remarks apropos of what the Senator from Alabama has said. I shall take the time from the time on the bill, on this side.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. Is the Senate under allotted time?

The PRESIDING OFFICER. Yes.

Mr. MANSFIELD. Has any time been allotted to the Senator from Connecticut?

Mr. BUSH. Mr. President, I was going to speak on the time on the bill. Since the Senator from Indiana [Mr. CAPEHART] is not in the Chamber, I yield 2 minutes to myself.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for 2 minutes.

Mr. BUSH. Mr. President, the Senator from Alabama said that the amendment, if it is agreed to, would take the heart out of the bill. I wish to take grave exception to that statement. There is a great deal in the bill of tremendous value. The provision to which the amendment refers is a relatively small part of the bill, as a matter of fact.

The amendment would not take the heart out of the bill, because the bill contains provisions for urban renewal, for college housing, for the whole FHA program, and for public housing by authorizing an additional 100,000 units.

I take exception to the statement that agreeing to the amendment would take the heart out of the bill. On the contrary, it would not.

I also wish to say once more, Mr. President, I think the committee and the Senate have been wise in the past in reducing downpayments, and getting them to a very low level. I reiterate, I think it is important we begin to lay some emphasis in this country on savings, and not to encourage borrowing all the time. In order to borrow, a person should have some small modicum of savings. In order to buy a home, a per-

son should have some investment to make in it.

I again urge support of the amendment.

Mr. KEATING. Mr. President, will my colleague yield to me?

Mr. BUSH. I yield.

Mr. KEATING. I commend the distinguished Senator from Connecticut for the views he has expressed. I thoroughly agree there are many good things in the bill. In my judgment, the 40-year, no-downpayment proposal is one of the bad things in the bill.

The PRESIDING OFFICER. The time of the Senator from Connecticut has expired.

Mr. BUSH. Mr. President, I yield myself an additional 2 minutes from the time on the bill.

Mr. KEATING. When we reach a vote on a bill, we very often experience the feeling that there is some good and some bad included in it. A Senator is often uncertain whether he should or should not support the bill.

In the case of this bill, the good things include the urban renewal program, the college housing program, and other things of extreme importance. I share the view of the distinguished Senator from Connecticut that, on the other hand, the proposal for 40-year, no-downpayment mortgages in this bill is unsound. It is not in accordance with the general recommendation which President Kennedy has made to us that some sacrifices should be made by all our people.

I hope the amendment will be agreed to, so that the housing bill will be a bill I can support on passage, which it will be if the amendment is passed.

Mr. BUSH. Mr. President, I thank the Senator from New York. I yield back any remaining time on the amendment.

The PRESIDING OFFICER. The Senator from Tennessee [Mr. GORE] has 1 minute remaining.

Mr. GORE. Mr. President, this is a far-reaching step the Senate is considering. I hope the amendment will be agreed to.

The statement has been made that no one will buy the mortgages, that the Government of the United States will have to hold the mortgages, insured 100 percent by the Government itself.

This provision in the bill does not relate to housing for low-income people. Though my distinguished friend from Alabama and I live in neighboring States, perhaps we have a little different idea as to what constitutes a poor man. The Senator from Illinois said the provision was for housing for people who are earning up to \$7,500 a year. I ask Senators to consider positions in their communities which bear salaries in that amount.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. GORE. Mr. President, I ask for 2 minutes from the time on the bill.

Mr. MANSFIELD. Mr. President, I yield 2 minutes from the time on the bill to the Senator from Tennessee.

Mr. GORE. Mr. President, I conclude by saying that the amendment does not strike at the heart of the homeowner-

ship program. This provision in the bill provides no financial incentive for homeownership. A good argument could be made that it is for Government ownership of homes on a very vast scale. It is an unsound proposition.

I do not agree with the distinguished junior Senator from Alabama that the provision is the heart of the bill. The heart of the bill, for homeownership, is to continue with adequate financing those features of the FHA program which have proved over the years to be sound and which have greatly spurred homeownership.

The proposal is an unsound proposal, and, though it may have been recommended to the Congress by a number of Presidents, this does not alter the responsibility of the Senate. In my opinion, this proposal is not a sound legislative proposal.

Mr. SPARKMAN. Mr. President, how much time do I have on the amendment?

The PRESIDING OFFICER. The Senator from Alabama has 2 minutes remaining on the amendment.

Mr. SPARKMAN. Mr. President, I have never said that accepting the amendment would shatter the bill. I did say the provision was the heart of the bill. It is the heart of the new program the President has sent to the Congress. I say it is the heart of the bill so far as the poor folks are concerned.

Is this not a poor man's bill? The Senator from Tennessee apparently forgets that he seeks to strike out the rental housing provision, whereby the 3½-percent interest is provided, in order to have low rent housing to replace public housing in this country. Certainly it is a poor man's provision.

The Senator talks about the heart of the bill being the FHA program we have had in the past. That program takes care of 25 percent of the people of this country. We are trying to increase the percentage. What we are trying to do, by the sales part of the program, is to increase the number of people receiving help.

Mr. President, I earnestly hope the bill may be preserved in its present form by the defeat of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on the amendment of the Senator from Tennessee. On this question the yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KERR (when his name was called). On this vote I have a pair with

the Senator from New Mexico [Mr. ANDERSON]. If he were present, he would vote "nay." If I were at liberty to vote, I would vote "yea." I therefore withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON] and the Senator from Tennessee [Mr. KEFAUVER] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY] is necessarily absent.

I further announce that, if present and voting, the Senator from Tennessee [Mr. KEFAUVER] would vote "nay."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from New Hampshire [Mr. BRIDGES]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from New Hampshire would vote "yea."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES] is absent on official business.

The Senator from Arizona [Mr. GOLDWATER] is necessarily absent, and if present and voting would vote "yea."

On this vote the Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from New Hampshire would vote "yea," and the Senator from New Mexico would vote "nay."

The result was announced—yeas 49, nays 44, as follows:

[No. 64]

YEAS—49

Aiken	Ellender	Prouty
Allott	Ervin	Robertson
Beall	Fong	Russell
Bennett	Gore	Saltonstall
Bush	Hickenlooper	Schoeppel
Butler	Holland	Scott
Byrd, Va.	Hruska	Smathers
Capehart	Jordan	Smith, Maine
Carlson	Keating	Stennis
Case, S. Dak.	Kuchel	Symington
Church	Lausche	Talmadge
Cooper	Long, La.	Thurmond
Cotton	McClellan	Wiley
Curtis	Miller	Williams, Del.
Dirksen	Monroney	Young, N. Dak.
Dworshak	Morton	
Eastland	Mundt	

NAYS—44

Bartlett	Hartke	Metcalfe
Bible	Hayden	Morse
Boggs	Hickey	Moss
Burdick	Hill	Muskie
Byrd, W. Va.	Humphrey	Neuberger
Cannon	Jackson	Pastore
Carroll	Javits	Pell
Case, N.J.	Johnston	Proxmire
Clark	Long, Mo.	Randolph
Dodd	Long, Hawaii	Smith, Mass.
Douglas	Magnuson	Sparkman
Engle	Mansfield	Williams, N.J.
Fulbright	McCarthy	Yarborough
Gruening	McGee	Young, Ohio
Hart	McNamara	

NOT VOTING—7

Anderson	Chavez	Kerr
Blakley	Goldwater	
Bridges	Kefauver	

So Mr. GORE's amendment was agreed to.

Mr. GORE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BUSH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STENNIS. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 64, line 21, it is proposed to strike out "thirty-seven thousand" and insert in lieu thereof "twenty-eight thousand."

Mr. STENNIS. Mr. President, I yield myself 5 minutes. The amendment is offered for the purpose of making the present section in the bill conform to what has been agreed to in the military authorization bill with reference to Capehart housing. The conference report has not been submitted as yet, but it has been agreed to raise the ceiling. The conference report will propose that the House and Senate agree to raise the ceiling on the Capehart housing to 3,000 units, and that the enabling act for such program be continued for 1 year.

The proposal in the amendment merely makes the language in the bill conform to the military authorization bill, assuming that the bill will become law. The Senator from Alabama is familiar with the legislation, as are also other Senators. I am glad to yield to the Senator from Alabama.

Mr. SPARKMAN. I am in accord with what the Senator is seeking to do. There is one question in my mind on it, however, with reference to section 809 housing, which may come under the ceiling. I am not sure. Section 809 is housing that is built at centers such as Redstone Arsenal, Cape Canaveral, and centers like that. I want to be sure that the ceiling will be sufficient to take care of those.

Mr. STENNIS. This is a rather technical and complicated and involved matter. It should not be thrashed out on the Senate floor. I thought it would be possible to agree to it based on the advice of our technicians. I understood that the amendment was to be agreed to. If that is not the case, I can withdraw the amendment until the Senate has had further opportunity to study it.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. STENNIS. I yield to the Senator from South Dakota.

Mr. CASE of South Dakota. I believe that possibly the fear of the Senator from Alabama is not warranted in view of the fact that the language of the amendment refers to section 803. The committee language would strike out "1961" and insert in lieu thereof "1962." The bill also proposes to strike out "twenty-five thousand" and to insert in lieu thereof "thirty-seven thousand." As I understand it, the Senator's amendment would be applicable only to section 803.

Mr. STENNIS. The Senator from Mississippi has no doubt that the amendment proposes to do exactly what

he has said it would do. If the technicians of the Senator from Alabama have not had a chance fully to study it, I suggest that the amendment be withdrawn.

Mr. SPARKMAN. Let us not withdraw it. The statement of the Senator from South Dakota ought to clarify the situation, that it relates only to section 803 housing.

Mr. STENNIS. That is correct. I read the amendment: At page 64, line 21, it is proposed to strike out "thirty-seven thousand" and insert in lieu thereof "twenty-eight thousand."

That is the only provision of the amendment.

Mr. SPARKMAN. Mr. President, I am willing to accept the amendment.

Mr. CASE of South Dakota. Mr. President, will the Senator yield, so that I may ask one question for clarification?

Mr. STENNIS. I yield.

Mr. CASE of South Dakota. As I understand, the reason for the 3,000 increase in the ceiling, under the conference report that is being prepared on the military construction bill, is that the 3,000 houses will be available to be placed under priorities to be determined by the Department of Defense, with the exception of 300.

Mr. STENNIS. The Senator is correct. Three thousand units would be designated by the Secretary of Defense, except that 300 of the 3,000 in the bill would be designated for the naval base at Norfolk, Va.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The 5 minutes of the Senator from Mississippi have expired.

Mr. STENNIS. I yield myself 5 additional minutes. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. As one who has worked with the Senator from Mississippi on this problem in the Subcommittee on Preparedness and in the Committee on Armed Services, and as a member of the conference, together with the Senator from Georgia [Mr. RUSSELL], and the Senator from Mississippi [Mr. STENNIS], I hope the amendment will be accepted and adopted, because it carries out our thought that the Capehart housing law must be amended if it is to be of any value.

Mr. CAPEHART. Mr. President, will the Senator from Mississippi yield?

Mr. STENNIS. I yield.

Mr. CAPEHART. Do I correctly understand that the Senator is seeking to reduce the number of units and to extend the act for 12 months?

Mr. STENNIS. The purpose of the amendment is to increase the number of units by 3,000; to raise the present ceiling by 3,000. The authorization bill will also retain the 2,000 units of appropriated-funds housing, which the Senate added.

Mr. CAPEHART. I understand. I have no objection.

Mr. SPARKMAN. Mr. President, the Senator from Mississippi may not be ready to answer this question, but is consideration being given to the possibility of using appropriated funds to pro-

vide for military housing needs hereafter? In other words, have we caught up pretty well to the point where that can be done?

Mr. STENNIS. In the first place, this amendment is designed to take care of the forthcoming fiscal year. Thereafter, it is the sentiment of the conferees from the two military committees that the needs should be considered, and that an attempt should be made to meet those needs with appropriated funds.

It was further understood that if the need should become great, additional financing methods would have to be considered, but that before that was gone into, it was the sentiment that there would have to be a rewriting of the law, and materially substantial amendments should be added. Of course, we were not speaking for Congress on that point, but for ourselves and in our judgment.

Mr. SPARKMAN. I am pleased to hear the Senator from Mississippi say that. While I have felt that this provision has rendered great service, particularly in making available units needed by the Air Force—needed by all branches of the service, of course, but particularly the Air Force—I have always felt that the more economic and sounder method of providing housing is through appropriated funds.

Mr. STENNIS. The purpose is as the Senator from Mississippi has stated. I thank the Senator from Alabama and the Senator from Indiana.

Mr. President, if the other group are willing to yield back the remainder of their time, I am willing to yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Mississippi.

The amendment was agreed to.

Mr. CAPEHART. Mr. President, I call up my amendment designed "6-1-61-K" and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 39, it is proposed to strike out lines 4 through 7, and insert in lieu thereof the following:

(1) inserting after "Provided, That" in section 10(1) the following: "the Authority may enter into new contracts for loans and annual contributions after the date of enactment of the Housing Act of 1961 for not more than thirty-seven thousand additional units: *Provided further, That*"; and

Mr. BEALL. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield to the Senator from Maryland.

Mr. BEALL. I am pleased that the Senate has adopted the Gore amendment. I congratulate the distinguished Senator from Tennessee for offering it. I wish to call particular attention to the fact that this amendment was brought to the attention of the Senate and was passed as a direct result of the series of amendments offered by the senior Senator from Indiana [Mr. CAPEHART], the ranking minority member of the Committee on Banking and Currency of which I am a member. The able Senator from Indiana has always been a sup-

porter of housing legislation and has been in the forefront of the efforts to improve the legislation. Certainly it was through his diligent efforts that the Senate, in its wisdom, saw the fairness of adopting the Gore amendment. This amendment, which reflects views of the Senator from Indiana as well as my own, has improved the bill considerably. The Senate is indebted to the Senator from Indiana.

Mr. CAPEHART. I thank the able Senator from Maryland.

Mr. MUNDT. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. MUNDT. I associate myself with the remarks just made by the distinguished Senator from Maryland. I have been on the floor of the Senate during almost all the debate on the bill. I congratulate the distinguished Senator from Tennessee [Mr. GORE], who offered the amendment which was just adopted; the distinguished Senator from Oklahoma [Mr. MONRONEY], who, I thought, made a very persuasive and intelligent plea for the amendment; and certainly the distinguished Senator from Indiana [Mr. CAPEHART], who, hour after hour, called our attention to the necessity of providing in the bill language which would make it a home ownership bill, a bill to promote home ownership, and not to promote tenancy, as would have been done if the bill had provided for long-term loan payments with no downpayments.

I think we would have done a disservice to the people we are trying to help had we not made it essential that they make some kind of downpayment on a house, so that they will know it belongs to them, and that it will be a house on which they will be happy to pay.

I congratulate the Senate on adopting the amendment. More especially, I congratulate the Senator from Indiana, because I have observed him as he has stood beside me, hour after hour, pleading his cause.

I think the Senate acted with great wisdom in adopting the Gore amendment.

Mr. CASE of South Dakota. Mr. President, I wish to echo what my senior colleague from South Dakota [Mr. MUNDT] has said concerning the diligent and persistent efforts of the distinguished senior Senator from Indiana [Mr. CAPEHART] in bringing to the attention of the Senate the very grave questions which were involved in title 1 of the housing bill. His educational, patient work was largely responsible for the adoption of the Gore amendment to title 1.

Mr. CAPEHART. Mr. President, I thank the able Senators from South Dakota.

On my amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CAPEHART. Mr. President, this amendment relates to the number of units of public housing to be authorized.

A fight has taken place on this particular section in every housing bill that has been introduced in the last dozen years. In every case, Congress, before it finished with the bill, always reduced the number. The number which is ordinarily placed in the bill is 100,000. Heretofore, almost consistently, Congress has reduced that number to 25,000 or 37,000. I think it can be truthfully said, without successful contradiction by anyone, that the House has always been adamant on this question.

The bill before the Senate provides for about 100,000 units. My amendment would reduce the number to 37,000. The interesting thing is that 37,000 is more units than have been built in any one year in the history of public housing. I believe that is a correct statement. In other words, if we authorize 37,000 units, we shall be authorizing more units than the average number that have been constructed over the past 10 years. So there is no necessity for providing for 100,000 units, because 37,000 is as many as have been built in a year, and it is possibly more than will be built in the next 12 months—or the period covered by the bill.

That is about all there is to the amendment. We have debated this subject year in and year out, for many years. I believe that normally the Senate has been a little more liberal in regard to the number of public housing units than the House has been. I believe I can say, as one who has been one of the conferees for the past dozen years or more, in dealing with this subject, that a compromise has always been reached, and that the compromise has provided for a lesser number than that provided for in the bill as passed by the Senate.

Mr. President, I am not trying to eliminate public housing. We are simply trying to reduce the number to a practical number—a number greater than the average number constructed over the past 10 years. I believe this amendment would make the bill more practical.

I do not believe we received any testimony to the effect that more than 37,000 units would be needed during the next 12 months. There was no particular demand for any more; and I see no reason why we should be more liberal this year, as regards the number of public housing units, than we have been in prior years.

My State has very little interest in public housing. Generally speaking, our people are opposed to it. However, I have always gone along with what I thought was a reasonable number of public housing units, each year, on the theory that in the large cities there is some need for it. In fact, I am sure there is.

But I see no reason why the Senate should authorize 100,000 units, when in the next 12 months even less than 37,000 units will be built.

Mr. SPARKMAN. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from Alabama is recognized for 10 minutes.

Mr. SPARKMAN. I am sorry the Senator from Indiana has offered this amendment. What the committee did, in effect, was to reinstate the provisions of the 1949 act, as regards public housing.

A great many persons have talked about the number of additional units, and have said the number was 100,000. But that number is more or less plucked out of the air. The bill does not specify the number of units. Instead, we provide that the remainder of the number authorized in the 1949 act may be utilized. We often refer to the 1949 act as authorizing 810,000 units. However, that act did not authorize any particular number of units; it authorized the use of a certain amount of money—approximately \$336 million per year, which might be used to subsidize public housing.

To date, approximately \$270 million of that, I believe, has been used, and there remains approximately \$70 million, of the amount originally made available. In this bill we provide that that may be used.

In view of the present cost of housing, if all that money is used that is expected to be available on July 1, 1961 about 100,000 units could be built. But in this bill there is also a provision to the effect that housing authorities may receive an additional contribution of \$120 a year. So the number which may be built will depend largely on the number of units built for elderly persons in the future. My own guess is that the number provided for in the bill actually would be between 75,000 and 80,000. The Senator from Indiana seeks to reduce the number to 37,000.

We do not provide a definite period of time in which the units may be constructed.

I regard this amendment—and I say this without authority of the committee, but I believe it represents the thinking of the committee—as representing a phasing out of the public housing program as we have known it in the past. I do not know—since the Senate today voted out the alternative plan—whether that is true; but it is my hope that the use of the remaining units provided for under the 1949 act, will phase out the public-housing program as we have known it in the past, and that we may be able to devise some plan as a substitute for it in the future.

A few minutes ago I stated certain figures. The amount already used is approximately \$267 million or \$268 million, leaving a balance of \$68 million. I ask unanimous consent that the table contained on page 21 of the report on the housing bill may be printed at this point in the RECORD, in connection with my remarks, so that the exact figures will be available.

There being no objection, the excerpt from the report (No. 281) was ordered to be printed in the RECORD, as follows:

Classification	Dwelling units	Estimated commitment
1. Units under annual contributions contracts Mar. 31, 1961.....	577, 448	\$243, 797, 379
2. Balance of units authorized and estimated to be placed under annual contributions contracts by June 30, 1961.....	19, 897	1 13, 537, 919
3. Total authorized program.....	597, 345	257, 335, 298
4. Estimated authorization for additional subsidy of \$120 a year for the elderly.....		10, 624, 702
5. Estimated additional number of units that could be authorized within the \$336,000,000 per annum limitation established by the Housing Act of 1949.....	2 100, 000	68, 040, 000
6. Total numbers of units which can be provided within the \$336,000,000 per annum limitation.....	97, 345	336, 000, 000

¹ This estimated amount of fixed annual contributions is projected by assuming: 40-year new LHA bonds, at 3¾ percent interest per annum and estimated average development cost of \$14,000 per dwelling unit, which would require an annual contribution of \$680.40.

² Number of units estimated as indicated in footnote 1.

Mr. SPARKMAN. Mr. President, this amendment would reduce to 37,000 the number of units which this money would provide. In that event, next year this question would probably be before us again, because there would still be unused funds from the 1949 authorization. My thought is that we might as well get rid of it and use it up; and apparently that was the thought of the committee.

This is not the first time the Senate has been called upon to take action in this field. On at least three other occasions the Senate has voted to renew the 1949 act.

Mr. CAPEHART. But the House did not do so.

Mr. SPARKMAN. That is correct; the House did not go along.

Now we are seeking to renew it again. I believe it is the best and the most orderly way to phase out the public housing program as we know it today.

Mr. BUSH. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. BUSH. Did the Senator from Alabama indicate how much unused authority there now is?

Mr. SPARKMAN. Yes, I stated that.

Mr. BUSH. I do not mean under the 1949 act; I mean under recent legislation. My impression is that we still have a substantial amount of unused authority.

Mr. SPARKMAN. That is correct; in the pipeline.

Mr. BUSH. Yes.

Mr. SPARKMAN. Yes; it is in the pipeline. But according to the testimony taken before our committee, all existing authority will be used by the end of this fiscal year.

Mr. BUSH. By the end of the 1961 fiscal year?

Mr. SPARKMAN. By June 30 it will be all placed under contract according to testimony from the Public Housing officials.

Mr. BUSH. Is it not true that we have been using up authorizations at the rate of 18,000 or 20,000 a year?

Mr. SPARKMAN. I believe the Senator is correct. I do not have the figures before me, but they are included in our hearings.

Mr. President, I ask unanimous consent that tables relating to the process-

ing of public housing units be included at this point in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Public housing units completed for occupancy, 1935-60

Year	All public housing ¹	Low rent				All except U.S. Housing Act	War and defense housing	Veterans' reuse housing
		Total	U.S. Housing Act					
			Total	All except Public Law 171	Public Law 171 ²			
Total.....	1, 465, 985	460, 629	438, 990	169, 451	269, 539	21, 639	739, 704	265, 652
1935.....	0	0				0		
1936.....	798	798				798		
1937.....	7, 376	7, 376				7, 376		
1938.....	13, 465	13, 465				³ 13, 465		
1939.....	4, 960	4, 960	4, 960	4, 960				
1940.....	34, 308	34, 308	34, 308	34, 308				
1941.....	120, 851	³ 61, 065	³ 61, 065	³ 61, 065			59, 786	
1942.....	156, 901	36, 172	36, 172	36, 172			120, 729	
1943.....	³ 371, 700	24, 296	24, 296	24, 296			³ 347, 404	
1944.....	153, 596	3, 269	3, 269	3, 269			150, 327	
1945.....	44, 157	2, 080	2, 080	2, 080			40, 171	1, 906
1946.....	134, 847	1, 925	1, 925	1, 925			4, 051	³ 128, 871
1947.....	107, 097	466	466	466				106, 631
1948.....	30, 066	1, 348	1, 348	146	⁴ 1, 202		1, 550	27, 168
1949.....	1, 242	547	547	280	³ 267			695
1950.....	1, 636	1, 255	1, 255	232	⁵ 1, 023			381
1951.....	10, 246	10, 246	10, 246	252	9, 994			
1952.....	63, 835	58, 258	58, 258		³ 58, 258		5, 577	
1953.....	64, 773	58, 214	58, 214		58, 214		6, 559	
1954.....	47, 734	44, 293	44, 293		44, 293		3, 441	
1955.....	21, 008	20, 899	20, 899		20, 899		109	
1956.....	11, 993	11, 993	11, 993		11, 993			
1957.....	10, 513	10, 513	10, 513		10, 513			
1958.....	15, 472	15, 472	15, 472		15, 472			
1959.....	21, 845	21, 845	21, 845		21, 845			
1960.....	15, 566	15, 566	15, 566		15, 566			
Summarized by 5-year periods								
1935-39.....	26, 599	26, 599	4, 960	4, 960		21, 639		
1940-44.....	³ 837, 356	159, 110	159, 110	159, 110			678, 246	
1945-49.....	317, 409	6, 366	6, 366	4, 897	1, 469		45, 772	265, 271
1950-54.....	188, 224	172, 266	172, 266	484	171, 782		15, 577	381
1955-59.....	80, 831	80, 722	80, 722		80, 722		109	

¹ Covers programs administered by HHFA or PHA; all units completed do not continue necessarily under PHA management.

² Excludes 110 units in a former PWA project and 228 units in part of a former Public Law 671 project rehabilitated under Public Law 171; however, these units are now under the management of PHA.

³ Alltime high.

⁴ Built under provisions of Public Law 301, later brought under Public Law 171.

⁵ Includes 753 units started under Public Law 301.

Mr. BUSH. Mr. President, if the Senator will yield, I should simply like to make this an observation. I have always supported public housing. I have been on the committee for 9 years. It seems to me, however, that an authorization for 37,000 additional units is a generous one, and far in excess of what we expect to use. The advantage of the amendment is that it would keep the committee and the Congress abreast of what is going on in the housing field. That is the advantage of the amendment.

Mr. SPARKMAN. If it were desired to legislate on a single-year basis, I would not have a great deal of quarrel with it, but I look at the measure as being a sort of clean-up of the housing authority provided under the 1949 Act. There is no particular time provided. The program might spread over 3 or 4 years. I think this plan is a good way to get the money in the pipeline and clean up the authority in the 1949 act. That is why I argue for the provisions in the bill rather than for the amendment of the Senator from Indiana.

Mr. BUSH. The advantage of the Capehart amendment is that it provides

for occasional legislative review, which I think is desirable in connection with any of these big programs.

Mr. SPARKMAN. The Senator knows that our subcommittee has that right under the act.

Mr. BUSH. The committee has the right, but it does not exercise it.

Mr. SPARKMAN. I remind the Senator from Connecticut that every year, early in the year, representatives of the constituent agencies of the HHFA come before the subcommittee and give a report on the situation, so that we may study the program.

Mr. BUSH. I think it can be done, but I think a good reminder would be a deadline. Usually, when there is a deadline, there is action.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. JAVITS. I should like to point out, first, as one coming from a State which probably uses the largest amount of public housing authorizations, that public housing authorizations are absolutely essential to slum clearance and the intelligent use of urban renewal, because

they are attributable to the need for a balanced housing program.

In New York, where we have probably used urban renewal more than has any other area of the country, the program would be impossible without the balancing feature of public housing. The basic reason for allowing this authorization to be made now is that it would give the Agency an opportunity to really let people plan. Otherwise, with 37,000 units in a particular year, the Agency would be almost in the position of trying to sell the units before the time limit expires; whereas on this basis, it could engage in orderly planning.

The amazing thing is that businessmen would never dream of operating under these conditions, and yet those who want to impose these conditions are the first ones to say we ought to have businesslike methods in government.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CAPEHART. Mr. President, will the Senator yield 1 second to me?

Mr. SPARKMAN. I yield myself 3 additional minutes, and yield to the Senator from Indiana. The Senator can get time of his own, however.

Mr. CAPEHART. There are 51,000 units in the pipeline at the moment. If 37,000 were added, the total would be 88,000 units. It seems to me that is enough.

Mr. JAVITS. But they are fully committed.

Mr. SPARKMAN. There are 40,000 in the backlog. While there may be 51,000 in the pipeline, there are applications for 40,000 waiting for additional units to be made available in order to be taken care of.

Mr. CAPEHART. They will not necessarily be authorized. In many instances those in the pipelines are withdrawn by the cities and housing authorities.

Here are the figures, as they appear on page 938 of the hearings:

Units in pipeline, not yet under annual contributions contract, 51,353.

Units remaining of current 37,000-unit authorization for contracts, which will be entered into by June 30, 1961, 19,897.

Remainder which would be charged against new authority, 31,456.

Additional units available under a new 100,000-unit program, 68,544.

Mr. JAVITS. If the Senator will yield for a comment, as one who comes from an area which utilizes the provisions to the full, I say, advisedly, that by doing what the committee wants to do we can best utilize the program, within the limited number of public housing units made available, and that we shall not be inhibited in terms of long-range planning for slum clearance by annual depressing factors which make it impossible to work in that way.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. HUMPHREY. As I understand, the amount set aside for public housing is the amount established under the 1949 act.

Mr. SPARKMAN. It is what remains.

Mr. HUMPHREY. What we are doing is fulfilling the remainder of the Taft proposal as contained in the 1949 act. Is that correct?

Mr. SPARKMAN. Yes.

Mr. HUMPHREY. I cannot imagine that this proposal is "too far out in left field."

Mr. SPARKMAN. The Senate has passed on the question several times.

Mr. CAPEHART. Mr. President, I yield back the remainder of my time.

Mr. SPARKMAN. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART]. All time has been yielded back. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Louisiana [Mr. ELLENDER], the Senator from California [Mr. ENGLE], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY] is necessarily absent.

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from New Hampshire [Mr. BRIDGES]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from New Hampshire would vote "yea."

On this vote, the Senator from Louisiana [Mr. ELLENDER] is paired with the Senator from Arizona [Mr. GOLDWATER]. If present and voting, the Senator from Louisiana would vote "nay," and the Senator from Arizona would vote "yea."

On this vote, the Senator from California [Mr. ENGLE] is paired with the Senator from Georgia [Mr. RUSSELL]. If present and voting, the Senator from California would vote "nay," and the Senator from Georgia would vote "yea."

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON] would vote "nay."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES] is absent on official business.

The Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

The Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from New Hampshire would vote "yea," and the Senator from New Mexico would vote "nay."

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from Louisiana [Mr. ELLENDER]. If present and voting, the Senator from Arizona would vote "yea," and the Senator from Louisiana would vote "nay."

The result was announced—yeas 34, nays 58, as follows:

[No. 65]

YEAS—34

Allott	Dworshak	Robertson
Beall	Eastland	Saltonstall
Bennett	Ervin	Schoeppel
Bush	Hayden	Smathers
Butler	Hickenlooper	Stennis
Byrd, Va.	Holland	Talmadge
Capehart	Hruska	Thurmond
Carlson	McClellan	Wiley
Case, S. Dak.	Miller	Williams, Del.
Cotton	Morton	Young, N. Dak.
Curtis	Mundt	
Dirksen	Prouty	

NAYS—58

Aiken	Hickey	Metcalf
Bartlett	Hill	Monroney
Bible	Humphrey	Morse
Boggs	Jackson	Moss
Burdick	Javits	Muskie
Byrd, W. Va.	Johnston	Neuberger
Cannon	Jordan	Pastore
Carroll	Keating	Pell
Case, N.J.	Kefauver	Proxmire
Church	Kerr	Randolph
Clark	Kuchel	Scott
Cooper	Lausche	Smith, Mass.
Dodd	Long, Mo.	Smith, Maine
Douglas	Long, Hawaii	Sparkman
Fong	Long, La.	Symington
Fulbright	Magnuson	Williams, N.J.
Gore	Mansfield	Yarborough
Gruening	McCarthy	Young, Ohio
Hart	McGee	
Hartke	McNamara	

NOT VOTING—8

Anderson	Chavez	Goldwater
Blakley	Ellender	Russell
Bridges	Engle	

So Mr. CAPEHART's amendment "K" was rejected.

Mr. SPARKMAN. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CAPEHART. Mr. President, I call up my amendment "6-1-61-C," and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Indiana will be stated.

The LEGISLATIVE CLERK. On page 45, line 8, it is proposed to strike out "\$4,500,000,000" and insert in lieu thereof "\$3,800,000,000".

Mr. CAPEHART. Mr. President, I ask for the yeas and nays, in order that Senators may be on notice.

The yeas and nays were ordered.

Mr. CAPEHART. Mr. President, the amendment would reduce the authorization in the bill of \$2½ billion to \$1.8 billion and limit the expenditure of the \$1.8 billion to 4 years. The money appropriated would have to be spent in 4 years' time.

The bill would authorize \$2½ billion, all of which could be spent in 1 year, 2 years, or 3 years. No limit is placed upon the time in which the \$2½ billion must be expended. It could be expended in 2 years.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. HUMPHREY. I wish the Senator would repeat the difference between his proposal and the provision of

the bill. I make the suggestion most respectfully.

Mr. CAPEHART. The bill provides that \$2½ billion be expended over an indefinite period. There would be no time limit. My amendment would reduce the amount to \$1,800 million to be expended over a period of 4 years. The committee received reliable testimony that \$400 million, \$450 million, or \$500 million was as much as could be expended in any one year on urban renewal. My amendment provides for the expenditure of \$1,800 million.

The highest amount for capital grants in any one year under the urban renewal program was \$270 million in 1960, of which only \$131,524,000 was actually disbursed or expended. Therefore more money than is needed is provided in the bill.

I invite the attention of Senators to the fact that the bill before the Senate provides for total expenditures and authorizations of approximately \$6 billion. FHA is now 25 or 26 years of age. During the 25 or 26 years of the life of FHA expenditures under all other housing bills totalled only about \$6 billion. In other words, the bill before the Senate calls for as much authorization as was provided in all previous housing legislation in the history of FHA. Inasmuch as the bill is so expensive, and inasmuch as the testimony was that even the \$1,800 million expended over a 4-year period is sufficient and ample, and considering the national debt of \$294 billion and the demand upon us for more money for other purposes, we could well reduce the amount requested from \$2½ billion to \$1,800 million without in anyway crippling or hurting the program. I do not understand why the proponents of the bill have requested \$2½ billion. I do not know why they have asked for \$2½ billion to be expended without any time limit.

It can be spent in 1 or 2 or 3 or 4 years. We have not been handling these programs on that basis. The question is very simple. It is whether we wish to authorize \$2½ billion, or whether we wish to authorize \$1,800 million. It is as simple as that. The testimony is that not more than 400 or 500 million dollars can be spent in any one year. The most that has been authorized in 1 year was \$275 million, and the most that has been expended in 1 year was \$131 million. What is there about the situation today which requires more funds than we are talking about? Congress is in session every year. If there is a good reason why more money is needed next year, we will be here to authorize it. We will be here the year after next to authorize it, and beyond that time.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. CLARK. Is the Senator's amendment identified as "6-1-61-C"?

Mr. CAPEHART. Yes.

That is how simple it is, or how complicated it is, whichever way one wishes to look at it.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. CARLSON. The statement has been made that this is a \$9,300 million housing bill. Would the Senator's amendment reduce the amount by \$700 million?

Mr. CAPEHART. It would reduce the authorization by \$700 million in the urban renewal section.

Mr. CARLSON. In other words it would be \$8.7 billion, instead of \$9.3 billion. Is that correct?

Mr. CAPEHART. I believe that in all fairness it should be said it is a \$6 billion bill.

Mr. CARLSON. The Senator from Indiana has confused me a little, because there are several statements in the RECORD to the effect that this is a \$9.3 billion bill. He made the statement that it was a \$6 billion bill. That is why I asked him the question.

Mr. CAPEHART. I may be mistaken. If I am, I wish to be corrected. I believe it is a \$6 billion overall bill. All housing bills up to this time, in the 25 years that we have been enacting such bills, have totaled only \$6 billion. In other words, the authorization in the pending bill is about the same amount as all other housing bills combined have provided in the past 25 years. That is why we can well afford to reduce the urban renewal portion by \$700 million, because the figure of two and a half billion dollars was picked out of the air. There is no testimony to show that that was the exact amount needed. It is an arbitrary figure. The testimony is that the maximum that can be spent is \$500 million. The most that has been authorized in any one year is \$275 million. The most that has been spent in any one year is \$131 million. We are asked to authorize \$2.5 billion. There is no limit as to the time in which the money is to be spent. It could be spent in 1 year, 2 years, or 3 years. In all fairness, it must be said that it could be spent over a number of years. That does not mean that the money must be spent in 1 year, but the bill would not prevent it.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. LAUSCHE. For the purpose of clarification, the amendment of the Senator from Indiana uses the figure "\$4,500,000,000." The Senator has been using the figure "\$2,500,000,000." Where does the difference arise?

Mr. CAPEHART. It is the carryover. The total under urban renewal has been \$4,500 million. We would reduce it by \$700 million.

Mr. LAUSCHE. To \$3.8 billion?

Mr. CAPEHART. That is the way we write legislation. The end result is \$2,500 million in addition to the funds previously authorized. I would reduce the present amount by \$700 million.

Mr. LAUSCHE. By \$700 million?

Mr. CAPEHART. Yes.

Mr. LAUSCHE. The Senator has stated that the total amount spent since the program was put into effect is about \$6 billion.

Mr. CAPEHART. That is for all purposes.

Mr. LAUSCHE. Then the Senator went on to say that the bill itself embraces \$6 billion.

Mr. CAPEHART. In round figures.

Mr. LAUSCHE. In what period of time is the \$6 billion authorization in the bill to be spent?

Mr. CAPEHART. The subject we are talking about, which is urban renewal, involves authorizations of about \$2½ billion, with no time limit on them. The money could all be expended in 1 year or 2 years. Perhaps it would be spent over a longer period. I want to be fair. I do not see the necessity of authorizing \$2½ billion, particularly in view of our huge debt, and the great call for expenditures. The President has said that we must sacrifice a little. This is a good place to start sacrificing \$700 million, which is not particularly needed now. There is no proof that it could be used. It might be argued, "If it is not to be used what difference does it make?"

I believe it makes a great deal of difference. We should show responsibility rather than irresponsibility. When we say, "Here is \$2½ billion, spend it in 1 year, 2 years, or 3 years." I believe to a certain extent we show irresponsibility.

Mr. CLARK. Mr. President, I yield myself 5 minutes in opposition to the amendment.

As the Senator from Indiana has said, this is a very simple issue, involving the question whether or not we wish to cut by several hundred million dollars the grant authorization for urban renewal, which has no time limit and which actually will take somewhere in the neighborhood of 15 years to spend, if past experience is any criterion. I believe my recollection is correct, that the committee, by a rather substantial majority, accepted the view of the Administrator of the Housing and Home Finance Agency, that the figure of \$2.5 billion was the right amount to put into the bill for urban renewal.

Senators who are interested will find the argument spelled out very briefly at page 26 of the committee report. I quote from it briefly:

In order to determine the amount of additional capital grant authorization that would be required to continue the program, the committee took into account the statements submitted by the HHFA that, by the end of June 1961, the backlog of applications would amount to \$450 million, and that approximately \$600 million of applications are expected for each year during the next 4 years.

I point out that the urban renewal program has gotten off the ground only in the past half dozen years. My own State is a good example. At first, only Pittsburgh and Philadelphia were interested. By now 45 communities in Pennsylvania have urban renewal projects underway.

In the judgment of many members of the committee, the Eisenhower administration was very niggardly in its urban renewal recommendations. We had a continuous fight to raise them. We never succeeded in getting the authorizations high enough to take care of all the bona fide applications. The Eisenhower administration, in administering

the urban renewal program, exerted a great deal of pressure to reduce the scope of urban renewal projects and to try to persuade cities to utilize less money.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. BUSH. I wonder whether the Senator would explain why he makes such a statement about the Eisenhower administration's attitude on urban renewal. I do not believe he can support that statement.

Mr. CLARK. I make the statement on the basis of my own experience during the 4½ years I have been in the Senate, and based on my intimate contact with the HHFA and the Urban Renewal Administration. I know those people. I have discussed Pennsylvania problems with them. I have served on the Housing Subcommittee. That is my best judgment of what happened.

Mr. BUSH. I wonder why the Senator makes that statement, when only recently the Commissioner of Urban Renewal, from the Senator's own State, was complimented by him before the Committee on Banking and Currency. I refer to David Walker.

Mr. CLARK. The Senator is correct. Dave Walker did his very best; but he was overruled, time after time, by Norman Mason and by his predecessor. In my judgment, the whole administration of HHFA in the Eisenhower administration was as strongly opposed to the principle of urban renewal as the new administration is in favor of it.

Mr. BUSH. I do not wish to use up too much of the Senator's time, but I take sharp issue with his statement. Together with the Senator from Pennsylvania, I have worked on urban renewal legislation since 1954, when the act was passed. I have worked for it and supported it since then, as the Senator knows. I do not believe it is fair for him to say that the Eisenhower administration put a roadblock in front of the program.

Mr. CLARK. The Senator from Connecticut is entitled to his own opinion. I am certainly entitled to mine. I have no reason for changing my opinion. The Senator from Connecticut and I disagree; that is all. I am always happy to engage in a colloquy with the Senator from Connecticut, even though we do not agree.

Mr. CASE of New Jersey. Mr. President, will the Senator from Pennsylvania yield?

Mr. CLARK. I yield.

Mr. CASE of New Jersey. I favor the provision in the bill as it stands. I support the Senator from Pennsylvania in his argument in chief, but I believe the Senator from Connecticut is eminently correct in his support of the Eisenhower administration.

Mr. JAVITS. Mr. President, will the Senator from Pennsylvania yield?

The PRESIDING OFFICER. The time of the Senator from Pennsylvania has expired.

Mr. CLARK. I yield myself 5 additional minutes. I am only too happy to have my Republican friends come to the defense of the Eisenhower administra-

tion. I yield to the Senator from New York.

Mr. JAVITS. I thank the Senator from Pennsylvania. We can get a minute or two, I am sure, from the Senator from Indiana.

I feel as does the Senator from New Jersey. I support the argument in chief. I think I may, with pardonable pride, say that I have helped to work on the bill and that I am in favor of housing. On a number of occasions I voted to override vetoes, even in the Eisenhower administration.

I have not the figures before me now, but I am quite clear in my belief that, if anything, the Eisenhower administration favored urban renewal as against other types of programs, being far less favorable to public housing.

It is my distinct impression that the Eisenhower administration felt that programs for urban renewal were on the right track.

I thought this statement should be made in all fairness.

Mr. CLARK. I am quite as desirous of being fair as is the Senator from New York. I only point out that year after year, even before I became a Member of the Senate, when I was mayor of Philadelphia, I used to come to Congress and ask for an annual grant authorization of \$600 million, which now, for the first time, we have finally obtained.

Year after year, the Eisenhower administration paid no attention whatever to what the mayors recommended. That administration reduced the amounts. My recollection is that on several occasions the Senate increased the authorization above the Eisenhower administration recommendations. On one occasion the House went along with the Senate. But not only did the Eisenhower administration reduce the grant authorization below what was needed, but it also made an effort—an unsuccessful one, I am happy to say—to reduce the Federal share of the cost of the program and to increase correspondingly the local contribution, an action which we who believed in the urban renewal program were convinced would severely injure the program.

Mr. JAVITS. I think both points of view are correct. I think the Eisenhower administration was hardheaded about keeping separate the amounts representing what was used and what was usable. I think it felt strongly that there ought to be a reshuffling of the amount of contributions. But I do not think there was any inconsistency in being hardheaded about using money and following the general sentiment for urban renewal. Very substantial authorizations for urban renewal were made upon the recommendation of the Eisenhower administration.

Mr. CAPEHART. Mr. President, will the Senator from Pennsylvania yield?

Mr. CLARK. I yield.

Mr. CAPEHART. A moment ago the Senator made the statement that as mayor of Philadelphia he came to Washington and fought for \$600 million a year for urban renewal. I remind him that my amendment, which calls for

\$1,800,000,000, would provide \$600 million a year for three years.

Mr. CLARK. I understand that.

Mr. CAPEHART. That seems to me to be far enough in advance to be authorizing appropriations.

Mr. CLARK. I understand.

Returning to the burden of my argument, I call attention to page 26 of the report. The HHFA presented very carefully prepared testimony, supported by the Nation's mayors, stressing the importance of a continuing program for five, six, or seven years, so that communities could plan ahead with assurance that their plans could be executed and the Federal help would be available when the time came.

I point out one thing, particularly to the Senator from Ohio, who engaged in a colloquy with the Senator from Indiana a moment ago. The Senator from Ohio and the Senator from Indiana were referring to spending. There is a great difference between spending and grant authorization.

The PRESIDING OFFICER. The time of the Senator from Pennsylvania has again expired.

Mr. CLARK. I yield myself an additional 5 minutes.

If the Senator from Ohio will do me the honor of looking at the table at the top of page 26 of the report, he will note that the amount disbursed for 1956 was only \$13.6 million; for 1957, \$29.6 million; and even in 1960, when the program first began to roll, it was no more than \$106.8 million. The record shows that anywhere from 3 to 15 years are required for grant authorizations to be converted into money actually going out of the Treasury.

I agree with the Senator from Ohio on the point I am sure he has in mind, that sooner or later the money will be spent. That is obviously true. However, I think we ought to consider the period over which the spending will take place. The amount of spending which this authorization would call for in the near future is much less than the amount which the Senator from Indiana and the Senator from Ohio were talking about.

Let me return to the \$600 million of applications. I read from the report:

The Agency justified its estimate of \$600 million per year over the next 4 years by referring to the increased activity in the program in recent months.

I say again that the increased activity is due to the fact that a new administration is in office and is pushing the program. I continue reading from the report:

It also referred to the needs of this fund to take care of the provision in the recently passed depressed area legislation which would permit the use of urban renewal funds for the redevelopment of nonresidential property in depressed areas. Increased demand is also expected in consequence of the growing interest in urban renewal by universities and colleges.

This last sentence refers to the provision whereby colleges and universities and urban hospitals can take advantage of the urban renewal provisions of the bill in order to get the land necessary

for the expansion of their needed facilities.

The table which appears at the top of page 27 of the report shows the basis on which the \$600 million authorization is requested.

The urban renewal program has been on a hand-to-mouth, year-by-year basis even since I came to the Senate. In all that period and before, those who were responsible for the program of urban renewal, the authorities and the mayors in the various cities were asking for a long range program, so that they might know ahead of time how to make their plans. It was for that reason that the figure was placed as high as it is in the bill.

I agree with the Senator from Indiana that no catastrophe would result if his amendment were to be approved. However, a majority of the members of the committee felt it was wiser to authorize the full amount of the grant authorization requested by the administration. I again emphasize that this does not mean that actual spending will approach the magnitude of the \$600-million-a-year figure for many years to come. Therefore, on behalf of the chairman of the subcommittee, who is in charge of the bill and who asked me to represent him in connection with this particular amendment, I ask that the amendment be rejected.

Mr. CAPEHART. Mr. President, I am prepared to yield back the remainder of my time.

Mr. CLARK. I yield back the remainder of my time.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment of the Senator from Indiana [Mr. CAPEHART]. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Arizona [Mr. HAYDEN], and the Senator from Oregon [Mrs. NEUBERGER] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY] is necessarily absent.

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from New Hampshire [Mr. BRIDGES]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from New Hampshire would vote "yea."

On this vote, the Senator from Oregon [Mrs. NEUBERGER] is paired with the Senator from Arizona [Mr. GOLDWATER]. If present and voting, the Senator from Oregon would vote "nay," and the Senator from Arizona would vote "yea."

On this vote, the Senator from Arizona [Mr. HAYDEN] is paired with the Senator from New Mexico [Mr. ANDERSON]. If present and voting, the Senator from Arizona would vote "yea," and the Senator from New Mexico would vote "nay."

Mr. KUCHEL. I announce that the

Senator from New Hampshire [Mr. BRIDGES] is absent on official business.

The Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

The Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from New Hampshire would vote "yea," and the Senator from New Mexico would vote "nay."

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from Oregon [Mrs. NEUBERGER]. If present and voting, the Senator from Arizona would vote "yea," and the Senator from Oregon would vote "nay."

The result was announced—yeas 38, nays 55, as follows:

[No. 66]

YEAS—38

Allott	Eastland	Russell
Beall	Ervin	Saltonstall
Bennett	Fong	Schoeppel
Boggs	Hickenlooper	Smathers
Butler	Holland	Stennis
Byrd, Va.	Hruska	Talmadge
Capehart	Jordan	Robertson
Carlson	Lausche	Thurmond
Case, S. Dak.	McClellan	Wiley
Cotton	Miller	Williams, Del.
Curtis	Morton	Yarborough
Dirksen	Mundt	Young, N. Dak.
Dworshak	Prouty	

NAYS—55

Aiken	Hart	McNamara
Bartlett	Hartke	Metcalfe
Bible	Hickey	Monroney
Burdick	Hill	Morse
Bush	Humphrey	Moss
Byrd, W. Va.	Jackson	Muskie
Cannon	Javits	Pastore
Carroll	Johnston	Pell
Case, N.J.	Keating	Proxmire
Church	Kefauver	Randolph
Clark	Kerr	Scott
Cooper	Kuchel	Smith, Mass.
Dodd	Long, Mo.	Smith, Maine
Douglas	Long, Hawaii	Sparkman
Ellender	Long, La.	Symington
Engle	Magnuson	Williams, N.J.
Fulbright	Mansfield	Young, Ohio
Gore	McCarthy	
Gruening	McGee	

NOT VOTING—7

Anderson	Chavez	Neuberger
Blakley	Goldwater	
Bridges	Hayden	

So the amendment was rejected.

Mr. SPARKMAN. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HUMPHREY. Mr. President, I have an amendment at the desk. I have spoken to both the manager of the bill, the Senator from Alabama [Mr. SPARKMAN], and the ranking minority member of the committee, the Senator from Indiana [Mr. CAPEHART], about this particular amendment. Before it is read, let me say that the purpose of the particular amendment is to provide that municipalities with populations of 150,000 or less which are located in areas which have been officially designated by the Secretary of Labor, under existing law, for area redevelopment assistance or are known as distressed areas, would be eligible for three-fourths urban renewal grants under the urban renewal sections of the bill, instead of two-

thirds. This amendment affects the smaller communities, which have, all too often, resources too small to engage in activities of urban renewal, and also affects only those areas which are declared to be distressed areas.

I offer the amendment on behalf of the Senator from Pennsylvania [Mr. SCOTT], and myself.

Since the amendment deals with many technical parts of the bill, I thought I should explain it first, so that the reading of it might be omitted, although, if the Senate desires it, it is perfectly agreeable with me to have it read, or have it printed in the RECORD.

I have discussed the amendment with the Senator from Alabama [Mr. SPARKMAN], and the Senator from Indiana [Mr. CAPEHART].

The PRESIDING OFFICER. Without objection, the amendment may be printed in the CONGRESSIONAL RECORD without reading.

The amendment offered by Mr. HUMPHREY, for himself and Mr. SCOTT, is as follows:

On page 42 beginning with line 20 strike out all through line 9 on page 43 and insert in lieu thereof the following:

"INCREASED FEDERAL AID FOR SMALLER COMMUNITIES IN REDEVELOPMENT AREAS, POOLING GRANTS-IN-AID BETWEEN PROJECTS

"SEC. 301. (a) Section 103(a) of the Housing Act of 1949 is amended by inserting '(1)' after '(a)', by striking out the last two sentences, and by inserting at the end thereof the following:

"(2) The aggregate of such capital grants with respect to all of the projects of a local public agency (or of two or more local public agencies in the same municipality) on which contracts for capital grants have been made under this title shall not exceed the total of—

"(A) two-thirds of the aggregate net project costs of all such projects to which neither subparagraph (B) nor subparagraph (C) applies, and

"(B) three-fourths of the aggregate net project costs of any of such projects which are located in a municipality having a population of one hundred fifty thousand or less, according to the most recent decennial census, if such municipality is situated in an area which, at the time the contract or contracts involved are entered into or at such earlier time as the Administrator may specify in order to avoid hardship, is designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act), and

"(C) three-fourths of the aggregate net project costs of any of such projects (not falling within subparagraph (B)) which the Administrator, upon request, may approve on a three-fourths capital grant basis.

"(3) A capital grant with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project."

On page 43 beginning with line 22 strike out all through line 2 on page 44 and insert in lieu thereof the following:

"(c) The third and fourth sentences of section 110(e) of such Act are each amended by striking out 'pursuant to the proviso to the second sentence of section 103(A)' and inserting in lieu thereof 'pursuant to section 103(a) (2) (C)'. "

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. HUMPHREY] for himself and

the Senator from Pennsylvania [Mr. SCOTT].

Mr. DIRKSEN. Mr. President, let us ask for the yeas and nays.

Mr. HUMPHREY. If the Senator insists. I understood it was desired to take the amendment to conference. A similar, and much broader, provision is in the House bill. The purpose of the amendment is to give the Senate an opportunity, in conference, to confer on what some Senators have termed a more reasonable provision.

I felt that, since both the majority and minority members of the committee were willing to accept it, and since the bill would be in conference anyway, this would be the sensible thing to do.

Mr. HRUSKA. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. HRUSKA. Does the amendment involve the expenditure of additional funds, and if so, how much?

Mr. HUMPHREY. It does not. It merely provides that in certain smaller communities, where the resources are less, it would be possible to make better grants under urban renewal provisions which have been already placed in the bill.

Mr. SCOTT. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. SCOTT. I was about to make the same point. According to my information the amendment does not involve any additional funds. It has been cleared with Senators on both sides of the aisle who would naturally be consulted. This amendment would affect such areas as Scranton and Erie.

It seems to be a highly desirable amendment. I hope it will not be necessary to go through the yeas and nays on it. There has been general agreement on it by Senators who are familiar with the contents of this complicated measure.

I ask unanimous consent that certain remarks I have prepared on the amendment may appear in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR SCOTT

As you know, since coming to the Senate, I have vigorously supported programs which would aid the redevelopment of depressed areas for our country.

President Kennedy, in his housing message, pointed out that the housing industry is one of the largest employers of labor. The President also pointed out that many other supplying industries and services depend largely and directly on new housing construction.

What would be a better way to help absorb this surplus labor we have in many areas of the country than to give priority to those areas which would qualify for assistance under the area redevelopment legislation, passed earlier in this session of the Congress?

My amendment would increase the Federal grant from two-thirds to three-fourths for communities of 150,000 or less which qualify for assistance under the area redevelopment formula.

Adoption of this amendment, as I have said, would not only be a proper approach to

the solution of the surplus labor problem, but it would recognize the housing problems of those families of modest income, especially in hard-pressed areas.

The committee in reporting this legislation expressed concern about the "state of the national economy and the continued lack of sustained vitality shown by the home-building industry." I am sure that if we studied the industry in those areas that would qualify under the area redevelopment formula, the lack of such vitality would be quite evident.

I feel that my amendment is entirely consistent with both the objectives of aid to depressed areas and of good housing legislation.

Mr. HUMPHREY. Mr. President, I also ask unanimous consent to have a statement by me appear in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HUMPHREY

Under this amendment, municipalities with populations of 150,000 or less which are located in areas designated by the Secretary of Labor for redevelopment assistance or distressed areas would be eligible for the three-fourths urban renewal grant from the Federal Government.

I am happy to report that the House Committee on Banking and Currency adopted a similar amendment in its housing bill reported out for action by the House of Representatives. This action by the House Committee certainly gives strong evidence in support of the amendment which I am sponsoring.

Let me quote from discussion of title III, "Urban renewal and planning, on page 22 of the report of the House Committee on Banking and Currency on its housing bill, H.R. 6028:

INCREASED FEDERAL CONTRIBUTION IN SMALLER COMMUNITIES

"Section 301 of the bill would increase the Federal grant from two-thirds to three-fourths for communities of 50,000 or less, as well as for communities up to 150,000 which qualify for assistance under the area redevelopment legislation. Your committee has long been convinced that smaller communities are at a relative disadvantage in the urban renewal program and that in equity their required contribution to the cost of the project should be somewhat lower than that of larger cities. In the first place, smaller communities do not have the large staffs and facilities which larger cities enjoy. But more important, since their volume of civic improvements is often at a lower volume, they quite often are unable to enjoy the advantages which larger cities have of meeting their one-third requirement through noncash grants-in-aid."

My amendment to section 301 of the housing bill, S. 1922, is in accord with section 301 as approved by the House committee in H.R. 6028. I believe we should enact this program of increased Federal urban renewal assistance for the smaller communities of our country which are located in areas designated for assistance under the Area Redevelopment Act.

Job-producing, wealth-producing urban renewal projects can give a tremendous boost to our smaller communities. I am convinced that these communities need greater Federal support to make their urban renewal efforts successful, and I urge my colleagues to provide the needed support and assistance by approving the amendment which I am now sponsoring.

The following cities would be eligible for increased Federal grants under my amendment: Altoona, Pa., Ashland, W. Va., Atlantic City, N.J., Charleston, W. Va., Duluth, Minn., Erie, Pa., Evansville, Ind., Fall River, Mass., Hazleton, Pa., Huntington, W. Va., Johnstown, Pa., Lowell, Mass., New Bedford, Mass., Pawtucket, R.I., Ponce, P.R., Mayaguez, P.R., Scranton, Pa., Wheeling, W. Va., Wilkes-Barre, Pa., plus some 90 smaller municipalities as follows:

AREAS OF SUBSTANTIAL AND PERSISTENT UNEMPLOYMENT¹

May 1961

Alabama: Gadsden, Jasper.
Alaska: Anchorage.
California: Modesto, Ukiah.
Connecticut: Ansonia, Bristol, Danielson.
Georgia: Cedartown-Rockmart.
Illinois: Cairo-Metropolis, Centralia, Harrisburg, Herrin-Murphysboro-West Frankfort, Litchfield, Mount Vernon.
Indiana: New Castle.
Kansas: Pittsburg.
Kentucky: Corbin, Hazard, Hopkinsville, Madisonville, Middlesboro-Harlan, Morehead-Grayson, Paducah, Paintsville-Prestonsburg, Pikeville-Williamson.
Maine: Biddeford-Sanford.
Maryland: Cambridge, Cumberland, Hagerstown.
Massachusetts: North Adams.
Michigan: Adrian, Bay City, Marquette, Monroe, Port Huron.
Minnesota: Brainerd-Grand Rapids, Hibbing-Virginia.
Missouri: Flat River, Washington.
Montana: Butte, Kalispell.
New Jersey: Bridgeton, Long Branch, Ocean City-Wildwood-Cape May.
New York: Amsterdam, Auburn, Gloversville, Jamestown-Dunkirk, Ogdensburg-Massena-Malone, Plattsburg.
North Carolina: Fayetteville, Kinston, Lumberton, Wilson.
Ohio: Athens-Logan-Nelsonville, Batavia-Georgetown-West Union, Cambridge, Portsmouth-Chillicothe.
Oklahoma: McAlester, Muskogee.
Pennsylvania: Berwick-Bloomsburg, Butler, Clearfield-Du Bois, Indiana, Kittanning-Ford City, Lewistown, Meadville, New Castle, Pottsville, St. Marys, Sayre-Athens-Towanda, Sunbury-Shamokin-Mt. Carmel, Uniontown-Connellsville.
South Carolina: Conway.
Tennessee: La Follette-Jellico-Tazewell.
Texas: Laredo.
Virginia: Big Stone Gap-Appalachia.
Washington: Aberdeen, Anacortes, Centralia, Port Angeles, Yakima.
West Virginia: Beckley, Bluefield, Clarksburg, Fairmont, Logan, Morgantown, New Martinsville, Oak Hill-Montgomery, Point Pleasant-Gallipolis, Ronceverte-White Sulphur Springs, Welch.

Mr. CLARK. Mr. President, I congratulate the Senator from Minnesota for offering the amendment. I hope the chairman of the subcommittee will agree to take it to conference.

¹ Areas officially classified as "areas of substantial unemployment" by the Bureau of Employment Security, which meet the additional criteria for designation as areas with "substantial and persistent" unemployment in connection with Federal procurement programs. The eligibility of these areas for assistance under the recently enacted Area Redevelopment Act (P.L. 87-27) was being reviewed at the time this bulletin went to press.

This amendment will be of special assistance to many urban communities in Pennsylvania which do not have the wherewithal to engage in the kind of urban renewal plans which are essential for their well-being.

The amendment has been urged on me by the Northeast Pennsylvania Industrial Development Commission, which represents the region centering on Wilkes-Barre, Scranton, and Hazleton. I am delighted that my friend from Minnesota has taken the lead in this matter, and I am happy to support him.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. JAVITS. I gather that the amendment would merely reduce the local contribution, and would not deal with the question of priorities.

Mr. HUMPHREY. It would not establish priorities. The amendment merely provides that if an urban renewal project is undertaken while the community is declared to be a distressed area, the contribution of the Federal Government shall be three-fourths instead of two-thirds. The amendment does not involve extra funds. It would affect many communities in the Nation which might very well come under the urban renewal program.

The amendment does not provide that such communities shall be given priority over other communities.

Mr. JAVITS. The amendment does not affect allocations.

Mr. HUMPHREY. It does not.

Mr. JAVITS. Or State limitations?

Mr. HUMPHREY. It does not. The amendment merely affects the Federal contribution in case a community which is declared by the Department of Labor to be a distressed area seeks to participate in the program.

Mr. JAVITS. I understand the purpose of the amendment and I might well be in sympathy with it. We might as well be realistic, however, about the fact that the amendment would reduce the availability of Federal money for other urban renewal projects—perhaps not very much, but it would cut down the funds available. I point out that the administration was not favorable to this particular amendment. After assessment of equities, in view of the fact that there are no priorities and no change in allocations, I may not oppose the amendment.

I make these points not in any vain way, because this amendment will go to conference. There is a very much more comprehensive provision in the bill of the other body.

I merely wish to set up some red lights with respect to how the provision will affect other large areas, such as those my colleague [Mr. KEATING] and I represent in New York, which also participate in programs supported by these funds.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I am happy to yield.

Mr. DIRKSEN. The Senator from New York puts his finger on an important point. The available amount of money will be reduced in proportion as

we bring within the orbit of the bill a larger number of communities and give them a three-quarters allowance instead of a two-thirds allowance for urban renewal.

What would be the result? The larger metropolitan centers would come back to the Congress in due course and ask for more and more money in order to carry on their urban renewal plans.

I point out that only a day or two ago an amendment to the Department of the Interior appropriation bill, was offered for an unbudgeted item never contained in the House bill, which called for \$30 million to build up the so-called distressed areas program. That is what happened.

This is the same type of back-door approach. I am reluctant, of course, to ask for the yeas and nays at this hour of the day, but I wish to have the RECORD show that I am opposed to the procedure. I shall withdraw the request for the yeas and nays, if that is the desire of the Senate, in the interest of conservation of time. There can be a vote by a show of hands or by a division. This is a back-door approach.

At an hour when we ought to be thinking about the conservation of the financial resources of this country we are presented with one amendment after another to chisel away at the stability, durability, and vitality of the home front, which is the first line of defense of this country.

Senators will hear more about the budget before this session is over. This is the living evidence of what we are doing. The \$3.5 billion deficit, which I pointed out, under the May 25th revision of the budget is certainly not the limit. We shall be lucky if we get out with less than a \$5 billion deficit in fiscal year 1962.

We are presented with recurring efforts to build up the budget. The Senator from Illinois wishes to be on record on the amendment. There can be a vote or not.

Mr. HUMPHREY. I say to the Senator most respectfully—and I surely have great respect for him—that the amendment would not add a dollar to the amount.

Mr. DIRKSEN. Oh, I know.

Mr. HUMPHREY. I wish to have that made clear. The Senator from Indiana attempted a moment ago, with what he believed was a desirable amendment, to cut the program. The amendment was defeated. This amendment would not add any extra money. One may disagree with the purpose of the amendment, but I wish to make it clear that the amendment would not add extra money.

I appreciate the courtesy of the Senator and his willingness to accommodate us, even though I must say I am not particularly concerned about yeas and nay votes.

Mr. DIRKSEN. I am an accommodating soul, but it makes me very unhappy.

Mr. HUMPHREY. Mr. President, I am prepared to yield back my remaining time.

Mr. KEATING. Mr. President, will the Senator yield before he does so, for a comment and a question.

Mr. HUMPHREY. I yield.

Mr. KEATING. Mr. President, the Senator has made the assertion that the House bill has a much more liberal provision with regard to this proposal concerning the special break to cities under 50,000 or, if they are in depressed areas, under 150,000.

Mr. HUMPHREY. Yes.

Mr. KEATING. The purpose of offering the amendment, as I understand it, is to go into conference with a more conservative approach. There are, of course, many very good traders in this body. I am looking at a few of them now. One sits very close to the distinguished Senator from Minnesota. There are others.

I wonder, though, whether we would not be in a better position in conference if we did not agree to the amendment. We could then trade on the basis of zero, if the House proposal is so extensive that it goes much further than we might wish to go. Would we not be better off to have no provision than to have a modest provision, so that we would be prepared to yield modestly in order to get a bill passed later? That is a practical question.

Mr. HUMPHREY. The Senator always makes valuable contributions to these discussions.

The main difference between the proposal I offer in behalf of myself and the Senator from Pennsylvania and the House proposal is that the House proposal would include all cities of 50,000 or less, regardless of whether they are in depressed areas, for a three-quarters contribution. We have eliminated that provision. We are not asking for it. We merely provide that cities of 150,000 or less which have qualified under what is known as the area redevelopment, the area development, or distressed area formula, may be eligible for a larger contribution.

Mr. KEATING. Mr. President, will the Senator yield further?

Mr. HUMPHREY. I modified the amendment. I am sorry I did not bring that to the Senator's attention.

Mr. KEATING. The amendment as printed is not accurate, then?

Mr. HUMPHREY. The Senator is correct. The Senator from Pennsylvania [Mr. SCOTT] and I, and other Senators, have worked out language to modify the proposal. That is why I offered the explanation prior to the offering of the amendment.

Mr. SCOTT. Mr. President, the Senator from Minnesota is quite correct.

Mr. KEATING. To some degree that may change the situation. There are, in fact, depressed areas under 150,000 in population which probably need the additional help.

Nevertheless, I must join in the caution of our distinguished minority leader.

If we increase the allowance from two-thirds to three-quarters, some of the larger communities will come to Congress next year and say, "Why can we

not participate in this program? Why is a city with 140,000 any better off than we are, with 300,000?"

Mr. DIRKSEN. Why should they not come in to ask for more?

Mr. KEATING. I am supporting the Senator. I hope the Senator will not enter into a controversy with me, for at the moment I am supporting his position. The position has much merit.

Mr. HUMPHREY. Yes. I do not say that the Senator from Illinois makes arguments without merit. I merely point out that in the situation which confronts the Nation and confronts many municipalities, judging from the testimony given by representatives of the municipalities, this is a reasonable proposal. I think it is a more reasonable proposal than that of the other body. I believe it is joined in by reasonable men.

I ask only that we have a reasonable amount of time, which I am willing to give away so that the Senate may vote on the amendment.

Mr. KEATING. I agree to both theses. The Senators offering the amendment are very reasonable men. It is a much more reasonable provision than the House provision.

For this very reason I am convinced that we would be better off to suggest this point in conference. Because I share the Senator's objective, I must oppose him on this amendment.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. WILLIAMS of Delaware. As I understand, the bill provides for the coverage of a large number of communities under the two-thirds contributing formula, and the amendment of the Senator from Minnesota would raise the formula to three-quarters and reduce the number of eligible communities?

Mr. HUMPHREY. The amendment would not reduce the number of eligible communities. In all fairness, as the Senator from Illinois has said, if all the so-called eligible communities were to come in under the amendment for urban renewal projects, it would mean that funds which might have been allocated to some other communities would have been consumed. I think one should be factual and honorable about this argument. I say with equal candor that I am convinced that most of our communities will not participate. But for those that need the assistance, the amendment would provide a fair allocation. It would not expand the base at all. It would not establish any priorities. It would not include extra money. It would not add more money to the expenditures under the budget.

Mr. WILLIAMS of Delaware. The question I asked is whether it would be possible for the conferees to accept the higher figure in one part of the proposal of the Senator from Minnesota, and then accept the larger coverage of the House, and have broader coverage on the proposal.

Mr. HUMPHREY. I cannot predict what conferees will do, having been a conferee myself.

Mr. WILLIAMS of Delaware. In conference it would be theoretically pos-

sible to expand the whole proposal, both as to amount and coverage.

Mr. HUMPHREY. In conference it is possible to do things that no one would ever contemplate. Theoretically it is also possible for the Senate to see that such result would not happen.

Mr. LAUSCHE. Mr. President, I should like to speak in opposition to the amendment.

Mr. DIRKSEN. I claim time in opposition. I yield 5 minutes to the distinguished Senator from Ohio.

Mr. LAUSCHE. I cannot subscribe to the amendment. It is a continuation of the inch-by-inch advancement of programs that would involve the Federal Government. The amendment would involve programs with Federal financial help, and reduce the requirement upon local communities to contribute to such programs.

A year ago it was argued that in order to obtain stabilized programs, the amount that communities should contribute ought to be increased rather than decreased. We have seen an example in the housing bill of the inch-by-inch technique of advancing in federalization and centralization of government. This proposal is a mere beginning, as has been pointed out by the Senator from New York. The amendment would have quite an appeal to towns of 150,000 population and less. All such towns would have to do would be to put up 25 percent and the Government would put up 75 percent.

Next year a program would be advocated to provide assistance for cities of 1 million and provide also that such cities would contribute only 25 percent and the Federal Government 75 percent for the cost of such program.

I do not know of a single program in which Federal grants are involved with respect to which there has not existed this constant advance. It is a beguilement of the citizenry to say that the Federal Government would put up the money, and that back home the money would not have to be put up. Finally, the taxpayers must pay. I am of the opinion that we will reach a deficit of \$7 billion on the basis of what is presently being done.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. CASE of South Dakota. I suggest to the Senator from Ohio that title VI goes, not inch by inch, but leap by leap, into a new space program that would cost \$100 million in the first few months, if the administrator wanted to use that amount. I expect to offer an amendment, as soon as I have an opportunity to do so, to strike out title VI. I trust that the Senator from Ohio will be present in the Chamber at that time, because there will be a yeas-and-nays vote on the amendment. In order that Senators may know what title VI proposes, it is a \$100 million leap into space for an entirely new program.

Mr. HUMPHREY. The Senator does not suggest that his point applies to the pending amendment?

Mr. CASE of South Dakota. No; but the Senator from Ohio was making an

eloquent argument on an inch-by-inch proposal. I want the benefit of his strong argument when my amendment is offered.

Mr. LAUSCHE. I cannot see how the Senate can be so easily beguiled into the belief that the proposal is innocuous, and that its ultimate impact will affect only towns of 150,000 or less.

I believe that crying out loudly is the proposition that the bill would be the beginning of a general reduction of contributions that must be made by local governments. I respectfully ask the Senate why there was originally written into the law the provision that the amount of the contribution should be 33⅓ percent. That provision was inserted in the law in order to insure local prudence in programs adopted.

In the farm, housing, and other programs there have been constant advances, introduced in such a way as to make it appear that nothing wrong is happening, while the eventual goal of complete Federal aid is being approached. I really do not believe that this question ought to pass without a yeas-and-nays vote. It is of far more importance than has been indicated.

Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. HUMPHREY. Mr. President, I am about to yield back the remainder of my time. I wish to make it clear that the proposal is not a relief program. The communities which would qualify under the program are in the home States of Senators, the smaller communities in which jobs will be made available, and the aid will not be in the form of temporary unemployment compensation. Construction crews will be at work, cities will be cleaned up, and buildings erected. I submit that the proposal makes good sense.

I am ready to yield back the remainder of my time.

Mr. HOLLAND. Mr. President, will the Senator yield for a question?

Mr. HUMPHREY. I yield.

Mr. HOLLAND. Is it not true that the program is a kind of relief program on behalf of cities that would qualify as under 150,000 population, and in depressed areas at the expense of the larger cities in the same States whose populations are above 150,000, and those cities under 150,000 which are not in depressed areas?

Mr. HUMPHREY. In every State different programs benefit different income levels. For example, in my State of Minnesota there is State aid. Some areas of the State receive much more aid than other areas of the State because of income problems and unemployment problems. I do not say that some people will not be better helped by the program than others. But they must qualify under rather high standards; namely, high unemployment, distressed areas, and other qualifications under laws which Congress has passed, and which have been signed by the President. I submit that if a town qualifies under those standards, it might very well be eligible for such help.

Mr. HOLLAND. The Senator has not answered my question.

Mr. HUMPHREY. The answer is "Yes."

Mr. HOLLAND. The larger cities will have to contribute?

Mr. HUMPHREY. Yes.

Mr. HOLLAND. And also cities under 150,000 which are not depressed area?

Mr. HUMPHREY. Yes.

Mr. HOLLAND. How does the Senator believe that Senators from a State such as New York, for example, in which there are great cities, which would be adversely affected, would feel? All other cities under 150,000 which are not in depressed areas would also be adversely affected. How would they feel about a situation of this kind? How does the Senator feel about that question?

Mr. HUMPHREY. I feel that my amendment is a good amendment.

Mr. SCOTT. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. SCOTT. I wish to make the point that the Senator has already made, that in the depressed areas there are special needs. The people in those areas, through "Operation Bootstraps," have expended about as much money as they can to bring in new job-making industries.

They are in a category of special need. While I realize that in my Commonwealth Philadelphia and Pittsburgh might well get some minimal advantage, the areas which are suffering are the areas that would benefit, such as Scranton, Wilkes-Barre, Altoona, and Erie.

Mr. HUMPHREY. I yield back the remainder of my time.

Mr. DIRKSEN. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. HUMPHREY], for himself and the Senator from Pennsylvania [Mr. SCOTT] on this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], is absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ], is absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY], is necessarily absent.

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Arizona [Mr. GOLDWATER]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Arizona would vote "nay."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from New Hampshire [Mr. BRIDGES]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from New Hampshire would vote "nay."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES] is absent on official business.

The Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

The Senator from Indiana [Mr. CAPEHART] is detained on official business.

The Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from New Hampshire would vote "nay," and the Senator from New Mexico would vote "yea."

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from New Mexico [Mr. ANDERSON]. If present and voting, the Senator from Arizona would vote "nay," and the Senator from New Mexico would vote "yea."

The result was announced—yeas 43, nays 51, as follows:

[No. 67]

YEAS—43

Bartlett	Humphrey	Moss
Burdick	Jackson	Muskie
Byrd, W. Va.	Kefauver	Neuberger
Carroll	Kerr	Pastore
Church	Long, Mo.	Pell
Clark	Long, Hawaii	Randolph
Cooper	Magnuson	Scott
Dodd	Mansfield	Smith, Mass.
Douglas	McCarthy	Smith, Maine
Engle	McGee	Sparkman
Gruening	McNamara	Symington
Hart	Metcalf	Williams, N.J.
Hartke	Monroney	Yarborough
Hayden	Morse	
Hickey	Morton	

NAYS—51

Aiken	Eastland	McClellan
Allott	Ellender	Miller
Beall	Ervin	Mundt
Bennett	Fong	Prouty
Bible	Fulbright	Proxmire
Boggs	Gore	Robertson
Bush	Hickenlooper	Russell
Butler	Hill	Saltonstall
Byrd, Va.	Holland	Schoeppel
Cannon	Hruska	Smathers
Carlson	Javits	Stennis
Case, N.J.	Johnston	Talmadge
Case, S. Dak.	Jordan	Thurmond
Cotton	Keating	Wiley
Curtis	Kuchel	Williams, Del.
Dirksen	Lausche	Young, N. Dak.
Dworshak	Long, La.	Young, Ohio

NOT VOTING—6

Anderson	Bridges	Chavez
Blakley	Capehart	Goldwater

So the amendment offered by Mr. HUMPHREY, for himself and Mr. SCOTT, was rejected.

Mr. DIRKSEN. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. BUSH. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LAUSCHE. Mr. President, I call up my amendment designated "6-7-61—B" and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 45, beginning with the colon in line 8, it is proposed to strike out all through the word "prescribe" in line 21.

Mr. LAUSCHE. Mr. President, the bill contains a new subject of functioning accepted by the Government. It is the solution of what is called the commuter or urban transportation problem. The bill provides two approaches toward solving this problem of the communities. One is by way of loan; the other is by way of grant.

The bill would authorize \$100 million to be loaned to communities for the purpose of acquiring facilities to solve commuter problems. With that phase of the bill I have no complaint.

The second phase, the treatment of the problem, is set forth on page 45 in the language which my amendment proposes to strike. The bill authorizes the expenditure of \$50 million by way of grants. The following language appears on page 45 of the bill:

Provided, That of such sum the Administrator may, without regard to other provisions of this title, contract to make grants aggregating not to exceed \$50 million for mass transportation demonstration projects—

I cannot understand the types of demonstrations that are contemplated. What is to be done with the expenditure of \$50 million to help solve the commuter transportation problems of the communities? The language continues:

for mass transportation demonstration projects which he determines would contribute significantly to the development of data and information of general applicability on the reduction of urban transportation needs—

The need for urban transportation is growing more urgent every year. I do not believe that this language in any manner clearly sets forth, or even vaguely sets forth, what is contemplated by the proposed demonstration projects. That is the extent of my argument.

I favor the loan proposal; I do not think the grant proposal should be adopted, at least in the language which is in the bill.

Mr. WILLIAMS of New Jersey. Mr. President, will the Senator from Alabama yield time to me?

Mr. SPARKMAN. Mr. President, I yield to the Senator from New Jersey as much time as he may need, not to exceed 30 minutes.

Mr. WILLIAMS of New Jersey. Mr. President, first I applaud the distinguished senior Senator from Ohio for his support of the vitally needed \$100 million loan program. That amount of money would be available to proceed immediately to make mass transit facilities, which have fallen into a state of decay at a time when they are so urgently needed, better instruments to carry people out of traffic jams, to get them to work and home from work, without the extreme congestion, confusion, and waste which exist today in the metropolitan areas.

It seemed to me that the \$50 million for demonstration was amply supported in the hearings which have been held on this item.

I suggest to the Senator that the mayor of Cleveland, Mayor Celebrezze, who applauded the work of the Senator in 1942, when the Senator was the mayor of Cleveland, in purchasing the rapid transit system of that city, and whose testimony appears at page 340 and subsequent pages of the hearings, spelled out the need for devising new ways of getting people to use mass transit facilities.

I also point out to my friend the Senator from Ohio the very compelling testimony of the mayor of Atlanta, Ga., when

he described what was being done there and some of the new ideas it was desired to try in the field of transportation.

Since the time when the Senator from Ohio was the mayor of Cleveland and when Cleveland was purchasing its transit system, 20 years ago, all forms of travel—both those by air and those by means of other media of transportation—have been improved monumentally. That has been done in considerable part with the aid of Federal funds; private companies, making use of Federal funds, have developed improved aircraft and have brought about much of the present-day efficiency of air travel.

But in that period, what has been done to improve ground rapid transit? The commuter rail cars used today are about the same as those which were used 20 years ago; and the same is true of the subways. We know we need to have new thinking applied to mass transportation. If that is not done, the \$100 million will be used through the years only to continue the present inefficient systems.

Mr. SCOTT. Mr. President, will the Senator from New Jersey yield?

The PRESIDING OFFICER (Mr. SMITH of Massachusetts in the chair). Does the Senator from New Jersey yield to the Senator from Pennsylvania?

Mr. WILLIAMS of New Jersey. I am happy to yield.

Mr. SCOTT. Mr. President, the distinguished Senator from New Jersey has well stated the seriousness of this problem, and I am in accord with what he has had to say.

NEED FOR IMPROVED MASS TRANSPORTATION IN PENNSYLVANIA

Mr. President, the other day the distinguished senior Senator from California [Mr. KUCHEL], the minority whip, described the increasingly acute problem of traffic congestion in California and the need to provide and maintain efficient public transit in that State.

I wish to join my colleague in saying that in my own State of Pennsylvania the problem is equally acute. For that reason I also want to extend my deep appreciation to the senior Senator from Indiana [Mr. CAPEHART] for his leadership in sponsoring the mass transportation provisions now incorporated in the housing bill.

This is an urgent problem in my State, as I know it is in many other States with large concentrations of urban development.

This is a problem that has long since spilled over local and even State boundaries. Even more important, the growing strangulation of our urban areas by automobile traffic and by rapidly declining and deteriorating public transportation services is leading to severe economic consequences.

For example, the Pennsylvania State Chamber of Commerce, with about 4,500 members from all parts of the State, and from all types of business, plus 225 local chambers and 80 trade associations, commented in a statement to the Senate Banking and Currency Committee supporting the principles of this legislation that:

Many businesses are located in the downtown areas of cities, and are thus directly dependent on the continued efficiency of commuter transportation to bring their employees to work. Others, which may or may not require commuter service for their own employees, have a great financial stake in the future development of the cities themselves, a development which requires an economically sound transportation system. Nearly all businesses are concerned with the general level of rail freight rates. These rates have in the past been increased beyond the cost of service through the efforts of rail managements to recoup losses suffered on commuter service.

The State chamber went on to say that it believes that—

Governmental problems should be handled by that level of government which is most closely concerned with the problem, and that it is unwise to request Federal help until it is certain that the local governments concerned have done what they can to solve the problem themselves. We are satisfied that the present proposal is in agreement with this principle, and that this is an appropriate field for Federal action. * * * In view of the very large expenditures now being made by the Federal Government to provide highway facilities for transporting persons to and through central cities, it may well be that the expenditures proposed in the bill will be the most economical procedure for the Federal Government in the long run.

I should like to amplify that last statement, because it is important to us all, whether or not our States contain large urban areas.

The point is simply that the cost of building enough urban highways, involving heavy condemnation costs, to handle the demand generated if our public transportation services were lost would be staggering. Already an increasing proportion of the total \$41 billion highway program is being taken up by the need for urban highways. I believe it is estimated that ultimately about \$20 billion of the total will go for that purpose.

This diversion of highway funds to compensate for the decline of public transportation means only that less money will be available for interstate and intercity highways. It will mean fewer miles of highway in our outlying suburban and rural areas, where automobiles and highways are the only mode of transportation available. It is plain bad economics to drain off almost all our highway funds for roads in high-density urban areas where it is feasible to provide adequate mass transportation services.

I therefore support the transit provisions now in the housing bill. We need this program in order to meet the transportation needs of our downtown areas. We need it in order to protect our highway investment, to insure its continued success. It is also important to emphasize that the entire renewal of our cities will depend on heavy private investment by business and commerce. But if these businesses and industries believe that their transportation needs cannot be met, they will be less inclined to invest very much in building and plant modernization.

As Mr. James Symes, president of the Pennsylvania Railroad, and one who has

done much in the work of improving Philadelphia's transportation system, summed up in his testimony this year:

The urban mass transportation bill should be passed * * * to give the public the best transportation at the least total cost. If this is not done, then the Federal Government will continue to waste money by destroying the central cores of our city, and will then spend billions to rehabilitate the damage and chaos it has created.

The proposed mass transportation provisions of S. 1922 will help our State and local governments make a start on the road to recovery. We have neglected this problem too long, and each year of delay will increase the total cost of preserving and providing adequate mass transit services.

I should also like to note that this is not a partisan issue. It is supported by many Democratic Senators. It is supported by many Republican Senators.

I conclude by endorsing the words of the very distinguished senior Senator from New Hampshire [Mr. BRIDGES], the chairman of the Republican policy committee, who has stated during the hearings this year:

I trust that before this session of the Congress is concluded we shall be able to say that in the field of domestic problems one of the most aggravating and serious was that of mass transportation and that this Congress recognized it and passed legislation necessary to alleviate this important and critical problem.

Mr. JAVITS. Mr. President, will the Senator from New Jersey yield to me?

Mr. WILLIAMS of New Jersey. I yield.

Mr. JAVITS. I entirely support the statement the Senator from New Jersey has made. I have had the honor to be associated with him in the support of the proposed legislation.

The large cities in the State of New York have every reason to expect that their transit systems will be choked unless we deal effectively with this program. I hope very much for some effective development; and I believe that in that connection, Federal facilitation is necessary.

It is not often that Congress is able to take action to render effective aid to the large cities; far more often, the situation is reversed. For example, as in the case of depressed areas, urban renewal, slum clearance, and similar developments.

So I hope very much that the Senate will go along with this provision of the bill as it is now.

Mr. WILLIAMS of New Jersey. I thank the Senator from New York; and we very much appreciate his support over the years.

Mr. CASE of New Jersey. Mr. President, will my colleague yield to me?

Mr. WILLIAMS of New Jersey. I yield.

Mr. CASE of New Jersey. I thank my colleague for yielding to me. I am happy to support his opposition to the amendment offered by the Senator from Ohio to this part of the bill, which is a part of the entire bill which my colleague, the Senator from New Jersey,

feels is most important, and which I am happy to support wholeheartedly.

As my colleague from New Jersey, the Senator from New York [Mr. JAVITS] and the Senator from Pennsylvania [Mr. SCOTT] have stated, it is essential that new modes of transportation be developed. One of the most crying needs of the urban centers in our Nation is the development of new ways to carry people within the cities and between the cities and the suburbs. Unless we find such means, all the work we do for urban renewal, housing, slum clearance, and all the rest, may go down the drain and be wasted. I believe this is very clear to anyone who has experienced actual work with these problems and who knows what is involved. Certainly it would be one of the great tragedies of this session if we were to eliminate from the bill this moderate amount for the development of new modes of transportation.

I hope very much that this well-intended but, I believe, most unwise, amendment of the Senator from Ohio will be resoundingly rejected.

Mr. WILLIAMS of New Jersey. Mr. President, I am very grateful to my colleague.

Mr. LAUSCHE. Mr. President, will the Senator from New Jersey yield briefly to me?

Mr. WILLIAMS of New Jersey. I yield.

Mr. LAUSCHE. Mr. President, on the question of agreeing to my amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KEATING. Mr. President, will the Senator from New Jersey yield to me?

Mr. WILLIAMS of New Jersey. I yield.

Mr. KEATING. Mr. President, like my distinguished colleague from New York [Mr. JAVITS], the Senator from New Jersey [Mr. CASE], the Senator from Pennsylvania [Mr. SCOTT], and other Senators, I am a cosponsor, with the distinguished Senator from New Jersey [Mr. WILLIAMS], of an independent bill to deal with this problem. I recognize that it can be argued with some force that this provision is not properly a part of a housing bill. But we have discussed this problem long enough. Today mass transportation in urban areas is in a critical state. This is true, not only of the great commuter train networks of New York, Philadelphia, Chicago, and other large metropolitan areas, but also of the ailing bus and trolley-car systems of much smaller communities.

At all levels of government, we have been giving generous support to the highways which now serve our cities. At the same time, mass transportation facilities, particularly those relating to rail transportation, have been permitted to languish. Today these facilities have reached a point where they cannot be saved by private means alone. We hope that in time they will again become self-supporting; but at the present time, public support is needed in order to restore their vitality.

The present cost of such a program is modest, as compared with the cost of

providing means to carry all commuters by automobile, to say nothing of the great economic dislocation which would occur in the Nation if the mass transportation facilities were to perish completely.

I realize that money is not the entire answer to this problem. I believe, however, that it is extremely desirable that the Congress make provision for grants of a modest character in order to finance projects of traffic control, facility improvement, and planning.

So I hope the amendment of the Senator from Ohio will be rejected, and that the position taken by the distinguished Senator from New Jersey and his colleagues will be sustained.

Mr. WILLIAMS of New Jersey. I thank the Senator from New Jersey.

Mr. CLARK. Mr. President, will the Senator from New Jersey yield to me?

Mr. WILLIAMS of New Jersey. I yield.

Mr. CLARK. As a cosponsor of the original Williams bill, I should like to commend my colleague the Senator from New Jersey [Mr. WILLIAMS] for the splendid fight he has made in support of mass transit legislation ever since he came to the Senate in 1959, and particularly for the fine leadership he displayed in the committee and the fine leadership he is now displaying on the floor of the Senate.

My own city of Philadelphia has been in the forefront in making efforts to show, by means of demonstrations, what can be done in dealing with the mass transit problem. I do not think another city in the country has put up as much of its own money for such demonstration projects.

I believe it would be tragic if the authorization of funds for demonstration projects were to be stricken from the bill.

I could speak for half an hour or longer in pointing out the kinds of demonstration projects which can be undertaken in the one city of Philadelphia, Pa.—demonstration projects which would make enormous contributions toward restoring mass transportation and transit to the point of taking off the streets the present great numbers of automobiles.

Mr. President, I hope very much that the amendment of the Senator from Ohio will be rejected.

Mr. WILLIAMS of New Jersey. Mr. President, I thank the Senator from Pennsylvania. The city of Philadelphia has demonstrated that people will return to the use of mass transportation when that mass transportation meets their needs.

The proposed demonstration projects are both feasible and practical, and this work has been done in Pennsylvania.

I am most grateful to the Senator from Pennsylvania for his support.

Mr. HOLLAND. Mr. President, will the Senator from New Jersey yield?

Mr. WILLIAMS of New Jersey. I yield.

Mr. HOLLAND. Will the Senator state, for the information of the Senate, whether the administration supported this provision of the bill?

Mr. WILLIAMS of New Jersey. We have, from the administration, statements that it supports the principle of the demonstration program.

Mr. HOLLAND. Does it support this provision of the bill?

Mr. WILLIAMS of New Jersey. Specifically as to the provision, as it went in, we had no report. But we have had indications that an agreement has been reached within the administration on the principle of grant funds for the purpose of demonstrations of new means of mass travel. So the answer to the Senator's question is "Yes."

Mr. HOLLAND. Next, will the Senator from New Jersey state, for the information of the Senate, what was the division in the committee on the question of the inclusion of this item in the bill?

Mr. WILLIAMS of New Jersey. In the committee, the vote was 9 to 4.

The nine votes represented both sides of the aisle.

Mr. HOLLAND. Will the Senator advise the Senate whether or not there is any limitation as to how much of the money can be granted to any particular city? Is there any limitation?

Mr. WILLIAMS of New Jersey. There is no specific limitation, no. The idea here is that the money could be used to develop a few demonstrations of new ideas in mass travel. The mayor of Atlanta described, as appears in the record of the hearings, many new ideas in mass transportation which have not been demonstrated or tried. In theory they have looked good. Now we want to know whether they work. If they work, we shall save untold millions, if not billions, of dollars, over a period, by new policies and uses in mass transportation.

Mr. HOLLAND. If I understand this provision of the bill, it would establish a system under which the Administrator could grant up to \$50 million, or contract to grant that much, irrevocably, without limitation as to how much he would grant in any city, and without a checkrein on him from any source whatsoever.

Mr. WILLIAMS of New Jersey. Well, only the checkrein of a reasonable man. He certainly is that. We want to get demonstrations of new means of mass transportation, the monorail, or the carveyor, or some of the other new methods that the mayor of Atlanta described. On the other hand, there are many ideas which would not be costly—for example, trying to get parking lots in the suburbs which would invite people in the sprawling areas to drive to the parking lots with their automobiles, and use mass transportation from those points. They would be further invited to use mass transportation by lowering fares and increasing service. In that way we shall try to work out problems involved in the multimillion traffic jams.

Mr. HOLLAND. I thank the Senator.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. WILLIAMS of New Jersey. I yield.

Mr. DOUGLAS. I think the Senator from New Jersey is advancing a very constructive idea. Is it not true that

there are several possibilities in the offing, which, if they turn out to be successful, will introduce tremendous economies? Is not one of these the overhead monorail, to which the Senator has referred, which would permit mass transportation to travel appreciably above street levels at the same time automobiles and other vehicular traffic are moving beneath it? Is that not one possibility?

Mr. WILLIAMS of New Jersey. It certainly is. It makes all kinds of theoretical sense, but there is no private carrier that has the money to demonstrate it, and there is no city, beset with its problems, as all cities are, to provide the matching funds.

Mr. DOUGLAS. Is it not also true that in the literature on the subject references are made from time to time to the possibility of having cars move on cushions of air above streets and over rivers.

Mr. WILLIAMS of New Jersey. It is beyond the theoretical stage. It is being done now, mostly for military vehicles, but it works. If this proposal comes to pass, it will demonstrate how it can unlock many new solutions to the problem.

Mr. DOUGLAS. But is there any railroad or bus company which can afford to sink the money into such a demonstration?

Mr. WILLIAMS of New Jersey. I would say, without equivocation, there is not one company in this country, faced with declining revenues, that could.

Mr. DOUGLAS. There may be some failures, but are not the prospects very great that there will be real successes among some of these possibilities.

Mr. WILLIAMS of New Jersey. If we put our minds to the demonstration of new ideas, we generally solve the problems. Certainly we have in the air. I do not see any reason why we cannot on the ground, and that is where the problem is today.

Mr. DOUGLAS. I thank the Senator.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. WILLIAMS of New Jersey. I am happy to yield.

Mr. MAGNUSON. I think everyone is in agreement that, in urban transportation, we are going to have to go back to mass transportation system, such as the monorail, or some other system. Otherwise, the roadways will never catch up with the demands of traffic.

Mr. WILLIAMS of New Jersey. And there will be one big parking lot and thoroughway.

Mr. MAGNUSON. There has been one railroad in the United States, the Chicago & Northwestern, that has done something about the problem, but the other railroads in the United States have not been able to. In Seattle we are trying the monorail, in a small segment. If we do not arrive at a solution of the transportation problem, we are going to be in trouble. The Senator from New Jersey and I participated in a long documentary on the problem. I happened to see a part of it. I was amazed at the Los Angeles situation. Some years ago they tore up their interurban transportation system. Now they wish they had it back. The cost

of condemnation would cost hundreds of millions of dollars for the use of monorails. Subway systems are needed.

The problem of transportation in the United States is one that is getting worse and worse. As people continue to move into urban centers, it will become even worse.

There were some bills on this subject in our committee. I understand the reason why this particular provision is in the bill. It is logical that in any type of urban renewal or urban development, there must be coordination between the building of houses, highways, and a transportation system. Otherwise, urban development is not going to work.

I thing the purpose of the provision is good. I think it will be money well spent. I do not have any fear that the administration is going to spend \$50 million in any one area. I thing experiments will be had. If we do not do something about the problem, our country is going to be tied up in transportation knots, so that we will not be able to go anywhere.

I do not know what would happen in urban centers today if there were an emergency. I thing we should make a move in the direction proposed. I am glad to see this provision as a part of the bill.

Mr. WILLIAMS of New Jersey. Nobody speaks with greater knowledge of transportation problems than does the Senator from Washington, who has had a long career in the U.S. Senate, and he expresses the viewpoint I share with much greater eloquence than I could.

Mr. CASE of New Jersey. Mr. President, will the Senator yield?

Mr. WILLIAMS of New Jersey. I yield.

Mr. CASE of New Jersey. I asked the Senator to yield in order to express my appreciation to the chairman of the Committee on Commerce, not only for his support of this particular measure—and it is valuable and weighty support—but also for his generosity in not raising any question of jurisdiction, which I think would be most unfortunate.

I agree fully with the Senator from Washington that this proposal is appropriate in either committee, but it certainly is related to well organized urban planning and development, and that is the basic subject involved.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. WILLIAMS of New Jersey. I yield.

Mr. LAUSCHE. The Senator from New Jersey mentioned the mayor of Cleveland. The mayor of Cleveland told me that he was vigorously opposed to grants, but in favor of loans to State and local governments.

I ask the Senator from New Jersey to point out to me in the hearings wherein the mayor of Cleveland said he supported gifts or grants to cities.

Mr. WILLIAMS of New Jersey. The mayor of Cleveland supported, with great eloquence, the demonstrations of new methods and new ideas in mass transportation to attract people away from the inefficiency of mass automobile travel and get them attracted to a mass transportation system, which is good in

Cleveland, but which should be much better.

I did not address myself to the question of whether it should be grants or loans. The Senator favors demonstrating new ideas in mass transportation. I have heard him say so eloquently in 2 years before our committee.

Mr. LAUSCHE. From the record it is my understanding that he opposed grants and favored loans to municipalities, so that they could improve their transportation.

Mr. WILLIAMS of New Jersey. I know the Senator reads the record of hearings very closely. I believe the record will show that he supported the bill. At no point did he say he does not favor grants. I do not believe he said either that he does or does not favor them. He supported the proposed legislation.

Mr. LAUSCHE. May I ask the Senator another question?

Mr. WILLIAMS of New Jersey. Yes.

Mr. LAUSCHE. If a monorail is to be set up as a pilot test, is there any calculation as to what it would cost and where the monorail assignment would be made?

Mr. WILLIAMS of New Jersey. There have been various estimates. My memory does not serve me as it should, but I remember one great new development that was proposed for the city of Cleveland, which is not a demonstration but would come under the loan program, at a cost of \$23 million for an extension to the airport or in southeast Cleveland.

So far as demonstrations are concerned, I think if the fringe parking areas were combined with improved service and lowered fares on the mass transportation system, it would be realistic to think in terms of \$2 million. If a monorail or carveyor system, or some other new idea were developed, the cost might be a great deal more.

I believe the estimate for a new method of travel between Long Beach and Los Angeles, which is now totally at the mercy of automobiles, is in the neighborhood of \$20 million to \$30 million.

Mr. LAUSCHE. I am familiar with the Cleveland proposal to spend \$23 million, but that proposal involves nothing more than an extension of rapid transit. All Cleveland needs to do is to borrow the money and do the work. I do not know of a single rapid transit system anywhere which does not have rural parking areas, so that people can park their automobiles, take the rapid transit system downtown, and, in the evening, return to their cars. I cannot see why demonstration tests are needed on that subject.

Mr. WILLIAMS of New Jersey. If the Senator would join me in the State of New Jersey, I should be happy to show him many areas which do not have such parking facilities.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. WILLIAMS of New Jersey. I am glad to yield to the Senator from Missouri.

Mr. SYMINGTON. I commend the Senator from New Jersey for his defense of the provision in the bill. One of the great problems in America today is the

time wasted going to and from work and the time wasted going to and from shopping. Americans spend many billions of dollars in research, from the standpoint of national security, and in space, from the standpoint of national pride. It seems to me incredible that in this country, with an income of nearly \$1.4 billion a day now, we cannot afford to spend \$50 million to solve one of the greatest problems we face today; namely, the increased traffic problem in the large and middle-sized cities.

Mr. WILLIAMS of New Jersey. I am very grateful to the Senator from Missouri.

Mr. President, I am grateful for all the support which has been generated for this new legislative idea for a new national program. I am prepared to yield back the remainder of my time.

Mr. ALLOTT. Mr. President, I do not know who controls the time, but I should like to have 2 minutes to speak in favor of the amendment.

Mr. LAUSCHE. Mr. President, I yield 2 minutes to the Senator from Colorado.

Mr. ALLOTT. Mr. President, there have been some statements made on the floor which I cannot let pass without comment.

There has been talk about the monorail, as if it were something that could be developed through the use of these demonstration funds. May I say there has been a monorail system operating successfully in Germany for over 40 years.

Also suggested as a proper subject for demonstration and development are cars to travel on cushions of air. First let me say the use of the air cushion principle is nothing new in theory or practice. It is at least 5 years old as a practical demonstrated thing, particularly with reference to our military budget. And let us not delude ourselves that this development is not going to do away with the need for highways on which the cars will travel. These cars will travel 6 inches above the ground, so highway travel will not be greatly changed.

I cannot justify in my mind authorizing \$50 million for these mass transportation demonstration grants.

Mr. WILLIAMS of New Jersey. Mr. President, will the Senator yield at that point?

Mr. ALLOTT. Let me finish my thought first.

As I understand the amendment it would strike the provision for these grants.

I shall support the amendment.

I now yield to the Senator from New Jersey.

Mr. WILLIAMS of New Jersey. This is not to be an additional appropriation. The authorization is to use \$50 million of the funds for this purpose. There is not an additional \$50 million to be provided.

Mr. ALLOTT. Then I say the authorization should be reduced by \$50 million. To the extent needed this is a function which private industry can well take care of.

I should also like to add at this point that one of the more logical places in the world, by future need, for setting up a prototype of a monorail is from the

Dulles International Airport to Washington, D.C. But even though we might appropriate \$500 million we will never see a monorail into the city of Washington, D.C. The sentiment is such to preclude it.

Mr. WILLIAMS of New Jersey. Mr. President, will the Senator yield at that point?

Mr. ALLOTT. I yield.

Mr. WILLIAMS of New Jersey. Are there not other ways of mass transit and efficient mass transit travel which might be applicable to problems of the city of Washington, D.C.?

Mr. ALLOTT. There are other methods, but they have been tried and used. Has the Senator a new method which has not been tried?

Mr. WILLIAMS of New Jersey. The whole point of this part of the bill is that the answer is "No." We have not tried, in our new suburban areas, all methods which can be used.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. WILLIAMS of New Jersey. I yield.

Mr. SYMINGTON. I beg the Senator's pardon. I believe the senior Senator from Colorado has the floor.

Mr. ALLOTT. I was yielded 2 minutes. If I have any time remaining I am glad to yield to the Senator from Missouri.

Mr. SYMINGTON. I thank the Senator.

The purpose of the provision in the bill is to obtain new ideas, just as the purpose of any grant to investigate a problem is to study the problem to come up with new ideas to solve a serious problem which is growing critical in this country, is it not?

Mr. WILLIAMS of New Jersey. Absolutely.

Mr. ALLOTT. I point out to the Senator from New Jersey that I believe the study made with reference to the transportation system in the District of Columbia alone surpassed a half million dollars.

They have not come up with the solution to the problem.

Mr. LAUSCHE. Mr. President, I yield myself 3 minutes.

This subject first came before the Committee on Commerce when a group of railroadmen appeared before the committee with a group of mayors. That group of railroad men desired a subsidy for the railroads. I think they found there was an adverse attitude in the committee toward the proposal to subsidize the railroads.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LAUSCHE. I will yield to the Senator in a moment.

The subject then seemed to vanish from the Committee on Commerce. It appears in the housing bill, with urban redevelopment.

As I said, I favor the \$100-million-loan provision to municipalities, to buy rights-of-way and to extend rapid transit. I submit, however, that on the very argument made by the Senator from New Jersey we can expect nothing from demonstrations. The Senator stated that it was desired to experiment with

rapid transit into rural areas, to determine whether it is advisable to develop parking areas.

We have 50 such areas in Cleveland. No Federal money is needed to make the experiment.

On the subject of granting money for a monorail, how much would it cost? Where would the money go? Beyond that question, I wonder what type of demonstrations would be had. I cannot understand them.

To repeat, the railroads wanted subsidies. It was indicated to them that Congress could not enter that field. From a proposal for subsidies comes the insertion of the program in the housing program.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time is yielded back.

The question is on agreeing to the amendment of the Senator from Ohio [Mr. LAUSCHE]. All time is yielded back. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Montana [Mr. METCALF], and the Senator from Oregon [Mrs. NEUBERGER] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY] is necessarily absent.

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Arizona [Mr. GOLDWATER]. If present and voting, the Senator from New Mexico would vote "nay" and the Senator from Arizona would vote "yea."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from New Hampshire [Mr. BRIDGES]. If present and voting, the Senator from New Mexico would vote "nay" and the Senator from New Hampshire would vote "yea."

On this vote, the Senator from Montana [Mr. METCALF] is paired with the Senator from Vermont [Mr. AIKEN]. If present and voting, the Senator from Montana would vote "nay" and the Senator from Vermont would vote "yea."

On this vote, the Senator from Oregon [Mrs. NEUBERGER] is paired with the Senator from Colorado [Mr. ALLOTT]. If present and voting, the Senator from Oregon would vote "nay" and the Senator from Colorado would vote "yea."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES] is absent on official business.

The Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

The Senator from Vermont [Mr. AIKEN], the Senator from Colorado [Mr. ALLOTT], and the Senator from Massachusetts [Mr. SALTONSTALL] are detained on official business.

The Senator from Vermont [Mr. AIKEN] is paired with the Senator from Montana [Mr. METCALF]. If present and voting, the Senator from Vermont

would vote "yea" and the Senator from Montana would vote "nay."

On this vote, the Senator from Colorado [Mr. ALLOTT] is paired with the Senator from Oregon [Mrs. NEUBERGER]. If present and voting, the Senator from Colorado would vote "yea" and the Senator from Oregon would vote "nay."

On this vote, the Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from New Hampshire would vote "yea" and the Senator from New Mexico would vote "nay."

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from New Mexico [Mr. ANDERSON]. If present and voting, the Senator from Arizona would vote "yea" and the Senator from New Mexico would vote "nay."

The result was announced—yeas 44, nays 46, as follows:

[No. 68]

YEAS—44

Bennett	Fong	Morton
Boggs	Fulbright	Mundt
Burdick	Gore	Prouty
Butler	Gruening	Proxmire
Byrd, Va.	Hickenlooper	Robertson
Capehart	Holland	Russell
Carlson	Hruska	Schoeppel
Case, S. Dak.	Johnston	Smathers
Cotton	Jordan	Stennis
Curtis	Kuchel	Talmadge
Dirksen	Lausche	Thurmond
Dworshak	Long, Hawaii	Wiley
Eastland	McClellan	Williams, Del.
Ellender	Miller	Young, N. Dak.
Ervin	Monroney	

NAYS—46

Bartlett	Hayden	Morse
Beall	Hickey	Moss
Bible	Hill	Muskie
Bush	Humphrey	Pastore
Byrd, W. Va.	Jackson	Pell
Cannon	Javits	Randolph
Carroll	Keating	Scott
Case, N.J.	Kefauver	Smith, Mass.
Church	Kerr	Smith, Maine
Clark	Long, La.	Sparkman
Cooper	Magnuson	Symington
Dodd	Mansfield	Williams, N.J.
Douglas	McCarthy	Yarborough
Engle	McGee	Young, Ohio
Hart	McNamara	
Hartke	Metcalf	

NOT VOTING—10

Aiken	Bridges	Neuberger
Allott	Chavez	Saltonstall
Anderson	Goldwater	
Blakley	Long, Mo.	

So Mr. LAUSCHE's amendment was rejected.

Mr. DIRKSEN. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

Mr. DIRKSEN. Mr. President, I ask for the yeas and nays on the motion to lay on the table.

The yeas and nays were ordered.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DOUGLAS. Will the Chair state the motion which is now before the Senate?

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota [Mr. HUMPHREY] to lay on the table the motion of

the Senator from Illinois [Mr. DIRKSEN] to reconsider the vote by which the amendment offered by the Senator from Ohio [Mr. LAUSCHE] was rejected. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Arizona [Mr. HAYDEN], the Senator from Montana [Mr. METCALF], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from Louisiana [Mr. LONG] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ], is absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY] is necessarily absent.

I further announce that, if present and voting, the Senator from Louisiana [Mr. LONG], and the Senator from Arizona [Mr. HAYDEN] would each vote "yea."

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Arizona [Mr. GOLDWATER]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Arizona would vote "nay."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from New Hampshire [Mr. BRIDGES]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from New Hampshire would vote "nay."

On this vote, the Senator from Montana [Mr. METCALF] is paired with the Senator from Vermont [Mr. AIKEN]. If present and voting, the Senator from Montana would vote "yea," and the Senator from Vermont would "nay."

On this vote, the Senator from Oregon [Mrs. NEUBERGER] is paired with the Senator from Colorado [Mr. ALLOTT]. If present and voting, the Senator from Oregon would vote "yea," and the Senator from Colorado would vote "nay."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES] is absent on official business.

The Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

The Senator from Vermont [Mr. AIKEN], the Senator from Colorado [Mr. ALLOTT], and the Senator from Massachusetts [Mr. SALTONSTALL] are detained on official business.

The Senator from Vermont [Mr. AIKEN] is paired with the Senator from Montana [Mr. METCALF]. If present and voting, the Senator from Vermont would vote "nay," and the Senator from Montana would vote "yea."

On this vote, the Senator from Colorado [Mr. ALLOTT] is paired with the Senator from Oregon [Mrs. NEUBERGER]. If present and voting, the Senator from Colorado would vote "nay," and the Senator from Oregon would vote "yea."

On this vote the Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from New Hampshire would

vote "nay," and the Senator from New Mexico would vote "yea."

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from New Mexico [Mr. ANDERSON]. If present and voting, the Senator from Arizona would vote "nay," and the Senator from New Mexico would vote "yea."

The result was announced—yeas 47, nays 41, as follows:

[No. 69]

YEAS—47

Bartlett	Hartke	Morse
Bible	Hickey	Moss
Burdick	Hill	Muskie
Bush	Humphrey	Pastore
Byrd, W. Va.	Jackson	Pell
Cannon	Javits	Randolph
Carroll	Keating	Scott
Case, N.J.	Kefauver	Smathers
Church	Kerr	Smith, Mass.
Clark	Long, Mo.	Smith, Maine
Cooper	Magnuson	Sparkman
Dodd	Mansfield	Symington
Douglas	McCarthy	Williams, N.J.
Engle	McGee	Yarborough
Gore	McNamara	Young, Ohio
Hart	Monroney	

NAYS—41

Beall	Ervin	Morton
Bennett	Fong	Mundt
Boggs	Fulbright	Prouty
Butler	Gruening	Proxmire
Byrd, Va.	Hickenlooper	Robertson
Capehart	Holland	Russell
Carlson	Hruska	Schoeppel
Case, S. Dak.	Johnston	Stennis
Cotton	Jordan	Talmadge
Curtis	Kuchel	Thurmond
Dirksen	Lausche	Wiley
Dworshak	Long, Hawaii	Williams, Del.
Eastland	McClellan	Young, N. Dak.
Ellender	Miller	

NOT VOTING—12

Aiken	Bridges	Long, La.
Allott	Chavez	Metcalf
Anderson	Goldwater	Neuberger
Blakley	Hayden	Saltonstall

So Mr. HUMPHREY's motion to lay on the table Mr. DIRKSEN's motion to reconsider was agreed to.

Mr. JAVITS. Mr. President, I call up my amendment designated "5-23-61-A" and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 87 following line 8, it is proposed to insert the following:

(3) Subsections (a) and (b) of such section 1811 are amended to read as follows:

"(a) Whenever the Administrator finds that private capital is not generally available in any area for the financing of loans guaranteed under section 1810 of this title, he shall designate such area as a 'housing credit shortage area', and shall make, or enter into commitments to make, to any World War II or Korean conflict veteran eligible under this title, a loan for any or all of the purposes listed in section 1810(a) in such area.

"(b) In designating any area as a 'housing credit shortage area' under this section, the Administrator shall give primary emphasis to providing loans to veterans living in areas in which participation in the guaranteed loan program by veterans has been disproportionately low."

(4) Paragraph (4) of subsection (i) of such section 1811 is amended by inserting immediately after "constructed" the following: "in rural areas or in small cities or towns".

Mr. JAVITS. Mr. President, I believe the amendment can be disposed of in a

fairly short time. The distinguished Senator from Illinois [Mr. DOUGLAS] and I are the sponsors of the amendment. Both of us are members of the Committee on Banking and Currency. We have no disposition to seek a yeand-nay vote, but we believe that a division will suffice. That will save the time of the Senate. I make this explanation to the distinguished Senator from South Dakota [Mr. CASE], because I do not want him to feel that I was trying to preempt the floor ahead of him. I believe his amendment will take a little more time than will this amendment.

Mr. President, we are trying to change the definition which relates to the areas eligible for direct loans to veterans for mortgage purposes—to change it from the limitation now imposed, which restricts it to any rural area or small city or town. We wish to make it applicable to any area as to which the Administrator finds that private capital is not generally available.

The difference is that heretofore we have confined the direct loan program for veterans to the rural areas or the small cities and towns; and we have not extended it to any area in which there is truly a housing credit shortage. The reason for that was that this type of mortgage credit for Veterans' Administration loans was formerly available in metropolitan areas. But that reason has since disappeared; this type of credit is no longer available in many such areas. Hence, there is no longer a reason for such discrimination against such metropolitan areas. So the matter is just that simple.

I happen to have received from New York, from veterans there, a letter and a telegram giving evidence, in a personal way, of inability to find mortgage money for VA loans. I ask unanimous consent that they be printed in the RECORD.

There being no objection, the letter and the telegram were ordered to be printed in the RECORD, as follows:

JACKSON HEIGHTS, N.Y., May 23, 1961.

Senator JACOB K. JAVITS,
Senate Office Building,
Washington, D.C.:

I wish to bring to your attention the deliberate denial of a primary veterans benefit. At present, I am attempting to negotiate a GI mortgage loan for purchase of a home. Most banks handling mortgages give outright refusal to handle any but a conventional 6-percent loan. A few will give the GI loan for a bonus. One (Dime Savings) will do so on consideration of a 6-percent cash bonus. This bonus is payable to the bank on receipt of the mortgage. It seems a shame that institutions which have profited by our wars have lost any sense of responsibility to the veteran.

Dr. WILLIAM SHPUNTOFF.

FLUSHING, N.Y., May 17, 1961.

Hon. JACOB K. JAVITS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR JAVITS: I intend to purchase a one-family house, for my own use, within the near future. In anticipation of this, I made inquiries from banks in my immediate area whether they would issue a GI mortgage. Their replies (Jamaica Savings Bank, Bankers Federal Savings, Bayside Savings & Loan) were unqualified noes.

I inquired from the local VA office about the possibility of a direct loan. They sent

me VA Pamphlet 26-4 in which sections 66 and 67 (p. 26) were underscored. These sections state:

"The Veterans' Administration makes direct loans to veterans who are satisfactory credit risks in housing credit shortage areas designated by the Administrator.

"Those areas are generally rural areas and small cities and towns not near the metropolitan or commuting areas of large cities, and where GI loans from private institutions have not been and are not now available to the veterans available."

Since a GI loan from a private institution is not now available in this area, I should like to know why I am not qualified to apply for a direct loan when I need it. I feel that conditions are such, in this area, that I meet the above-quoted qualifications.

Several real estate agents have advised me that there are a few rare lending institutions which will occasionally issue a GI mortgage. For this "privilege" the mortgagee must be willing to pay "points"—apparently a form of commission or gratuity. Yet, on page 10 of the booklet cited, it states very precisely: "No commission or brokerage fee may be charged to a veteran for securing a GI loan."

In view of the above facts, I should like to know why I may not qualify for a direct GI loan. Or, is there any agency which can put me in contact with a reputable lending or banking firm which issues a GI mortgage? I shall appreciate your attention and interest.

Yours truly,

PAUL S. ABRAMS.

Mr. JAVITS. Mr. President, in addition, a table of home loans guaranteed by the Veterans' Administration shows the sensational diminution of the veterans' home loans which have been placed in very large cities. For instance, in three New York cities, the drop has been as follows: In Buffalo, 90 percent; in other words, from the time when the program commenced until the present time, the veterans' home loan ratio there has dropped 90 percent. In New York City, the drop has been 70 percent—that much drop in the largest financial center in the world. In Rochester, N.Y., the drop has been 80 percent.

In short, this type of mortgage money has tended to disappear from the large metropolitan areas, as it did some time ago from the small cities, towns, and rural areas.

Neither the Senator from Illinois [Mr. DOUGLAS] nor I can see why this discrimination should continue and why the veterans in large metropolitan areas should not have the same opportunities, in view of the fact that they now face the same situation as that faced by veterans in the rural areas and in the smaller cities and towns.

One objection which has been raised to our approach has been that it might result in applying the direct loan idea to an entire metropolitan area. But we do not believe that the language we have submitted is in any way susceptible of that interpretation. If there is any question about it, I state, and the Senator from Illinois [Mr. DOUGLAS] will state, as the proponents of the amendment, that we do not intend this amendment to mean that the Administrator will not have complete power to designate an area or any part of an area a housing credit shortage area within the terms of the law.

As we all know, there are in the large metropolitan areas enormous numbers of veterans—far more than in the rural areas or the small cities and towns.

Yet they are really disfranchised, in terms of being able to obtain veterans' home loans. Therefore, we believe that in all fairness the time has come to put all these veterans on the same level, in view of the fact that they face the same conditions.

Finally, I point out that in the bill we are making a very extensive provision for precisely this type of loan, and we provide for phasing out the program over a long period of years; and we provide \$1,200 million for making such loans.

This is an appropriate time to establish equal opportunity for all veterans, regardless of where they may be located, particularly, in view of the fact that they face the same conditions, and also in view of the fact that the Administrator would have complete power to designate any area or any part of an area a housing credit shortage area.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. JAVITS. I yield to the Senator from Illinois.

Mr. DOUGLAS. Mr. President, we are trying to remove one of the many discriminations against city dwellers which have, either consciously or unconsciously, been injected into the laws of our country.

The present provisions in regard to direct veterans' loans are—as the Senator from New York has stated—to the effect that they shall be made available to veterans in rural areas and small towns. But the veterans in the large cities fought for the defense of our country just as truly as did other veterans. It is a great error to say that veterans in the large cities have ample credit available to them, but that veterans in the small cities do not. Many veterans, particularly those of Negro and southern European ancestry, have real difficulty in obtaining credit for the construction and acquisition of homes. We simply wish to abolish the second-class citizenship, which has been fastened upon the city veterans.

Mr. President, I hope very much the Senator from Alabama [Mr. SPARKMAN] will accept this amendment. We have been fighting side by side, all afternoon, on these measures; and I hope very much that he will help us to remove this discrimination from the laws of the land.

Mr. JAVITS. Mr. President, in conclusion I should like to point out that the provision we are now trying to have included in the bill is already incorporated in a bill passed by the House of Representatives; it is in House bill 5723, which the House passed in April. The bill is entitled "A bill to provide home loans for veterans in housing credit shortage areas." The House of Representatives has already passed that bill, and in that way has done precisely what we propose to do by means of this amendment. Therefore, there should be no problem as regards the views of the other body.

I now read from the report of the House Veterans' Affairs Committee on that measure, which already has been passed by the House:

For veterans living in our semiurban areas, because veterans' home loans in our cities are almost nonexistent today.

The House committee found that as a fact; and that is the basis for the presentation made here by the Senator from Illinois and myself.

Mr. HUMPHREY. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. HUMPHREY. I wish the RECORD to be clear. Do I correctly understand that a veteran living in the city of Minneapolis, Minn., would not be eligible to receive a direct loan of this sort, but that a veteran living in Waverly, Minn., 40 miles west—where I have my home—would be available to receive such a loan?

Mr. JAVITS. That is entirely likely, although I cannot speak with authority. But certainly Minneapolis is excluded, as are New York and Chicago.

Mr. HUMPHREY. Why?

Mr. JAVITS. Because the Congress wrote such a provision into the law. Some time ago, when no such problems existed in the large metropolitan areas the Congress confined that law to the rural areas and the small cities and towns.

Now the other body has taken the lead in regard to eliminating this discrimination; and inasmuch as in the pending bill we are authorizing the appropriation of funds for making direct loans, it is a proper bill by which to eliminate this discrimination. Inasmuch as the Senate does not have a Veterans' Affairs Committee, we try, when we can, to weave relief for veterans into the substantive legislation in which it belongs.

Thus, in connection with the pending bill, in which we authorize appropriations of \$1,200 million more for direct veterans loans—for precisely this program—therefore, at the very least, we should remove from the law this discriminatory feature, which today exists in the law.

Mr. HUMPHREY. Mr. President, I do not like to have the Congress legislate on the basis of making distinctions between the large cities and the rural areas. Instead, I like to have national legislation enacted on the basis of dealing equitably with all Americans and on the basis of helping all Americans, wherever they may live. I feel that any veteran or any other American citizen who wishes to have a home should have available to him—wherever he may live—funds for that purpose, and there should be no discriminatory provisions.

In Minnesota, approximately 50 percent of the population lives within 50 miles of the major city of the State.

I gather that, under existing law, a substantial number of these people would be denied an opportunity for direct-loan participation.

I do not know. I want to listen to the arguments on the question. It has been indicated to me that this has been the law for some time. I wonder whether or not there is any evidence that it has

worked a hardship. Has there been a denial of loans to veterans' families which has worked a hardship on them because of the existence of the law which allows such discrimination?

Mr. JAVITS. There is a hardship. I have in mind at this particular moment two cases, which are precise, but the House Veterans' Affairs Committee has looked into the question. Now the big hardship is on the metropolitan area people, as it has been on residents of rural areas or small towns. There is a big backlog and there are waiting lists of veterans in small towns as well as in cities. They are the ones we are trying to help by authorizing a rather large sum for direct loans. That is all the more reason why we should not perpetuate a discrimination when, by virtue of circumstances, the basis upon which we originally discriminated, which was justified at the time, has disappeared. Now there is a straight unfair discrimination.

I reserve the remainder of my time.

Mr. BUSH. Mr. President, will the Senator yield for a question?

Mr. JAVITS. I yield for a question.

Mr. BUSH. I notice the administration opposition to the amendment is based on the following ground:

The amendment would expand materially the number of eligible areas. A major proportion of veterans who are entitled to a guaranteed home loan would become eligible for a direct loan whenever there is a temporary general shortage of residential mortgage funds or when the maximum interest rate for guaranteed home loans is below the market. This would result in a greatly broadened scope of the direct loan program and in extreme fluctuations in the program.

That is the administration's opposition to the amendment.

Mr. JAVITS. I think the administration has missed one point, and that is that it could apply the rule of selectivity in determining whether a part, rather than the whole, of a metropolitan area was in a housing credit shortage area. But even if we grant the administration's whole position it does not attempt to begin to justify the discrimination. In other words, is the discrimination removed by the fact that the administration says many people would be affected? It seems to me it only emphasizes the fact that we are discriminating against many people; that we are being unfair, not to a few veterans, but to hundreds of thousands of veterans.

This is the point the Senator from Illinois [Mr. DOUGLAS] and I are arguing. This is something for which veterans stand in line. Why should city people be excluded when the only basis has been that they could take care of themselves, and that is no longer true? If there is to be a veterans' home loan program, and if there is to be a direct loan program, by what law of the Medes and the Persians is it to be applied only to veterans who live in small towns?

Mr. CLARK. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. CLARK. I think the Senator from New York is quite correct in the position he takes. I shall support the amendment.

I ask the Senator if the one justification for discriminating against veterans living in cities heretofore has not been that it is alleged that there is adequate credit there, and therefore this program is not needed.

Mr. JAVITS. Precisely; and that is no longer true. The Veterans' Affairs Committee in the other body has found it to be a fact.

Mr. CLARK. If the program is applied to all veterans, regardless of where they live, there are safeguards, by reason of existing law, so that money would not be flowing into areas where there is easy credit. Is that correct?

Mr. JAVITS. That is correct. The housing credit shortage definition remains in the bill unaffected by the amendment.

Mr. CLARK. I shall support the amendment.

Mr. JAVITS. I reserve the remainder of my time.

Mr. CAPEHART. Mr. President, in the first place, I think certain Senators speak from the wrong premise. Veterans' Administration loans are guaranteed 100 percent by the Veterans' Administration, and the only reason why Congress ever permitted direct loans to veterans by the Federal Government in small communities and small towns was that banks and other lending institutions did not have the money.

Can anyone conceive of making direct loans in New York City, where there are several banks worth many billions of dollars, and life insurance companies by the dozens that are perfectly willing to make loans to veterans—loans that are guaranteed 100 percent by the Federal Government?

The only reason why Congress ever permitted direct loans by the Federal Government was that in many instances banks in rural, scattered areas did not have the money. The reason why the big banks and the big insurance companies and the pension funds in the big cities did not make loans to them was that they were too far away to service them or to appraise the property in order to make the loans. Under those circumstances, Congress permitted the Federal Government to make some direct loans, and rightly so.

But now if the Federal Government is to make direct loans in New York City, Chicago, and other big cities, where most of the money of the United States is, where loans are guaranteed by the Federal Government, we might as well turn the Treasury of the United States upside down and say, "Gentlemen, in New York, Chicago, and other big cities, take our money."

Why do Senators want to do that? This housing bill is becoming a catchall bill. It is becoming the sort of bill in which all sorts of cats and dogs are placed. We ought not to do it. The housing bill, as it was started years ago, has proved to be a successful institution. Now we are putting all kinds of cats and dogs into it. We are weakening it. We are making it a place in which to dump all kinds of individual schemes; and we ought not to do it.

If banks, insurance companies, and other lending institutions in New York

City, Chicago, and other big cities are unwilling to make loans to veterans which are guaranteed 100 percent by the U.S. Government, there is something wrong with them. I am not about to be in favor of seeing the Federal Government—meaning the Treasury of the United States—make such direct loans.

I believe the banks, insurance companies, and pension funds in New York will make such loans if they are given the opportunity to do so. If they do not make such loans, which are guaranteed by the Veterans' Administration—which is the Federal Government—there must be something wrong with the security.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. HOLLAND. Is it not true that another strong reason why direct loans to veterans were permitted in the country areas was the absence of utility facilities, which are required as a condition for approval of the ordinary FHA loan?

Mr. CAPEHART. Yes.

Mr. HOLLAND. Mr. President, I do not think the Senator answered my question. I ask if it were not true that one of the reasons why the Congress was asked to approve, and did approve, direct veterans' loans in the rural areas, was that there was an absence in those areas of utility services which were required by the FHA as one of the conditions for the making of ordinary loans?

Mr. CAPEHART. The Senator is 100 percent correct. That is what I said a moment ago. Those rural communities were so far away from the banks, from the insurance companies, from the pension funds, and from other big lending institutions which had the money available, that they could not be serviced, the property could not be appraised, and the loans could not be handled. The lending institutions in the local towns did not have money to loan. The Senator is 100 percent correct.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to the able Senator.

Mr. CURTIS. I agree with the Senator. My recollection of the history of direct loans in rural areas is that the legislation also dealt with the problem of the veteran who was living in a small town or village, or perhaps even a small county seat. The bank may have had ample money, but there were not sufficient loans to make it worthwhile to establish a system to provide FHA loans.

Mr. CAPEHART. That might have been the situation. The State banks are governed by State law, and the Federal banks are governed by Federal law, but the banks can loan only a certain amount of assets to any individual. The banks receive requests for more loans than the law will permit them to make.

Mr. CURTIS. There are many small communities in which there are no insured loans because there is not sufficient demand for anyone to provide them.

Mr. CAPEHART. The Senator is correct.

Mr. CURTIS. So this program was the only opportunity for the veterans to obtain loans.

Mr. CAPEHART. The Senator is correct.

Mr. CURTIS. It was that problem with which we sought to deal.

Mr. CAPEHART. The Senator is correct. I appreciate the Senator's bringing that out so explicitly.

Mr. SPARKMAN. Mr. President, I have enjoyed the discussion. I dislike very much to oppose the amendment offered by my friend from New York and my friend from Illinois.

Mr. President, I sponsored the original legislation which set up the direct loans. I have narrated this at different times in the Senate, but I think it would be interesting for me to say again, particularly in view of the statements which have been made, that the suggestion came to me from a banker in the small town of Tusculumbia, Ala. The banker wrote me a letter one day in which he said:

We have a bank, and we have tried to render service to the community. We have tried to take care of the returning servicemen, but our capitalization is so small that we can take only a few mortgages before our portfolios are full. We are removed from the money market, so we do not have access to it.

He also said:

I feel that, in the case of veterans, every veteran ought to have an equal opportunity. Therefore, the Government ought to make arrangements to lend money directly to those who are not able to get money under the guarantee program.

That letter gave me a suggestion. I had proposed legislation drawn up. I introduced the bill. It was enacted into law. That has been the law since 1950. Insofar as the criteria are concerned, they have been unchanged. The criteria were simple—that the loans should go to credit-worthy veterans, living in rural or semirural areas in which credit was not otherwise available.

The Administrator of Veterans' Affairs identifies the area. Generally, in the metropolitan areas, where one expects financial institutions to exist and where such institutions do exist, the area is ruled out. I happen to live in a relatively small community, yet my county is not eligible for veterans' direct loans because it is large enough to have financial institutions, or at least financial connections, through Birmingham, Nashville, and other cities, for the money to be available. I have never heard any great complaint about this arrangement not being sufficient.

I know that there have been times in metropolitan areas when there may have been a scarcity of credit available for veterans' loans, but that was at a time when there was a differential between interest rates on veterans' loans and on FHA loans; and, therefore, the money went to the FHA loans. That differential no longer exists. That was at a time before the voluntary home mortgage credit program was developed by the insurance companies generally throughout the country, which pool resources for servicing remote areas.

When a veteran applies for a direct loan the Administrator does not automatically grant the loan. First the Administrator submits the application to the VHMCP. A great many of the applications are taken care of through pooling of the resources of the insurance companies and financial institutions.

This has been a good program. I was about to say that this had not been a large program, but in excess of a billion dollars has been loaned, and it has been a highly successful program. I do not believe we ought to change the jurisdiction or the procedure. I do not believe the metropolitan areas will suffer, since the interest rates to FHA and VA now are the same.

While I dislike very much to oppose my friends, who certainly are good friends of housing, I believe the amendment ought not to be adopted.

Mr. JAVITS. Mr. President, I yield 5 minutes to my colleague from Illinois [Mr. DOUGLAS].

Mr. DOUGLAS. Mr. President, I thank the Senator from New York.

The pain of the Senator from Alabama in opposing our suggestion is as nothing compared to the acute pain which we feel in opposing him.

Nevertheless, Mr. President, I point out the fact that various rationalizations have been offered for the discrimination. It was said that originally the direct loan program was intended for communities which had no banks and no savings and loan institutions. As numerous Senators have pointed out, this is not so. Direct veterans' loans are made to veterans in communities which have banks and savings and loan institutions. The savings and loan system has now so spread over the country that there are almost no communities which are not within striking distance of a bank or a savings and loan institution.

So far as the argument that the loan to a veteran would be so great, as the Senator from Indiana said, that it would exceed the limit a bank could loan to any one person, I am sure that upon reflection the Senator from Indiana will not—

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. CAPEHART. I did not make any such statement. I said that the sum total of loans which the bank might make in respect to resources would be beyond the law. I did not refer to the individual loan.

Mr. DOUGLAS. I am glad to have that point cleared up.

Mr. CAPEHART. Yes.

Mr. DOUGLAS. The country areas of the Nation tend to be saving areas. These areas have resources, and they send their surpluses of deposits, over the amounts which can be loaned, to the cities for reinvestment. These areas have resources which could meet the demands of rural and small town veterans.

The other assumption that any city veteran can go to the Chase National Bank in New York City and get a loan on a house is somewhat farfetched. The

huge size of the big city banks frequently discourages application.

I invite attention to the fact that perhaps the group which is most deprived of opportunities is the group of the sons of immigrants and Negroes who served in the Armed Forces, who have returned to civil life, and who wish to establish homes, but who do not have financial institutions close at hand from which they can borrow. They cannot go to the huge downtown banks; and they need credit as badly as do the boys from the countryside.

If it is believed that there are ample credit facilities for veterans everywhere, I suggest that the whole system be abolished, though I do not favor such action. But if it is believed that there are not ample facilities, this provision should be extended to the cities as well as to the countryside. To do otherwise is rank discrimination.

Mr. JAVITS. Mr. President, I yield myself 5 minutes.

A number of misconceptions have been voiced. I make that statement in all charity. The idea has been expressed that the equal opportunity which is sought to be gained here is the opportunity to go to a bank. That is not the equal opportunity which is sought to be gained under the original proposed legislation. The equal opportunity sought was to obtain a mortgage, and if one could not obtain a mortgage, the object was to get a loan. The opportunity is not to go to a bank, whether one is rich, poor, or in between. The opportunity is to obtain a mortgage.

But veterans cannot get mortgages, and if we were to deny such opportunity to them because they live in a metropolitan area, we would discriminate against them. I believe that point is very important.

Certainly there are rich banks and insurance companies in all the big cities, but they are not lending on VA loans. Whether the distinguished Senator from Indiana approves of such action or whether I approve of it, we know they are not making such loans. Not only I, but all my friends in large cities, are hearing from veterans that veterans cannot obtain the amounts of money they need.

Finally, because I believe the point is critical, I ask why we propose to give veterans these advantages. Why do we give veterans VA loans? Why should we not give them direct loans, since they fought in our Armed Forces to preserve freedom? What kind of skin does the boy in Chicago, New York, Cincinnati, or Columbus have? Is it any different from the skin of the boy in a small town in Missouri? Is he less of a fighter or a veteran and thus less entitled to be rewarded by his country?

On what basis could we morally justify this action once we find that veterans cannot obtain the necessary mortgage money? It seems to me that basis is the reason for the amendment and the propriety of the amendment. We would try to help veterans because they served America. Many thousands more Americans who have served America live in the large metropolitan areas than live in

the small towns or rural areas, and the trend is growing. Do we wish to say to such a man, "No, my friend. You live in the wrong place. You cannot be considered under the program."

I do not believe we do. The entire program is either good or bad, but the criterion should not be where the veteran lives, especially in view of the fact that the fundamental basis and the original design of the program have become invalidated by the passage of time and economic events. I very much hope that the Senate will support the amendment. As I said, it has already been agreed to in the other body.

Mr. President, I am prepared to yield back the remainder of my time, but only after I suggest the absence of a quorum, because I shall call for a division.

Mr. SPARKMAN. I yield back the remainder of my time.

Mr. JAVITS. Mr. President, may we have a quorum call without the time being charged to either side?

Mr. MANSFIELD. Reserving the right to object, is all time yielded back?

Mr. JAVITS. I yield back the remainder of my time.

Mr. SPARKMAN. I yield back the remainder of my time.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, I ask for the yeas and nays on the Javits amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York [Mr. JAVITS]. All time has been yielded back, and the yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from California [Mr. ENGLE], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Montana [Mr. METCALF], and the Senator from Oregon [Mrs. NEUBERGER] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY] is necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Montana [Mr. METCALF] would each vote "nay."

On this vote, the Senator from California [Mr. ENGLE] is paired with the Senator from Minnesota [Mr. MCCARTHY]. If present and voting, the Senator from California would vote "nay," and the Senator from Minnesota would vote "yea."

On this vote, the Senator from Oregon [Mrs. NEUBERGER] is paired with the Senator from Colorado [Mr. ALLOTT]. If present and voting, the Senator from Oregon would vote "yea," and the Senator from Colorado would vote "nay."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES] is absent on official business.

The Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

The Senator from Vermont [Mr. AIKEN], the Senator from Colorado [Mr. ALLOTT], the Senator from Kentucky [Mr. MORTON], and the Senator from Massachusetts [Mr. SALTONSTALL] are detained on official business.

The Senator from Colorado [Mr. ALLOTT] is paired with the Senator from Oregon [Mrs. NEUBERGER]. If present and voting, the Senator from Colorado would vote "nay," and the Senator from Oregon would vote "yea."

On this vote, the Senator from Kentucky [Mr. MORTON] is paired with the Senator from Arizona [Mr. GOLDWATER]. If present and voting, the Senator from Kentucky would vote "yea," and the Senator from Arizona would vote "nay."

If present and voting, the Senator from Vermont [Mr. AIKEN] and the Senator from New Hampshire [Mr. BRIDGES] would each vote "nay."

The result was announced—yeas 28, nays 59, as follows:

[No. 70]

YEAS—28

Bartlett	Humphrey	Pastore
Byrd, W. Va.	Jackson	Pell
Carroll	Javits	Proxmire
Case, N.J.	Keating	Randolph
Clark	Kefauver	Smith, Mass.
Cooper	Long, Mo.	Symington
Douglas	Long, La.	Williams, N.J.
Fong	Magnuson	Yarborough
Gore	McNamara	
Hart	Morse	

NAYS—59

Beall	Ervin	Monroney
Bennett	Fulbright	Moss
Bible	Gruening	Mundt
Boggs	Hartke	Muskie
Burdick	Hayden	Prouty
Bush	Hickenlooper	Robertson
Butler	Hickey	Russell
Byrd, Va.	Hill	Schoeppel
Cannon	Holland	Scott
Capehart	Hruska	Smathers
Carlson	Johnston	Smith, Maine
Case, S. Dak.	Jordan	Sparkman
Church	Kerr	Stennis
Cotton	Kuchel	Talmadge
Curtis	Lausche	Thurmond
Dirksen	Long, Hawaii	Wiley
Dodd	Mansfield	Williams, Del.
Dworshak	McClellan	Young, N. Dak.
Eastland	McGee	Young, Ohio
Ellender	Miller	

NOT VOTING—13

Aiken	Chavez	Morton
Allott	Engle	Neuberger
Anderson	Goldwater	Saltonstall
Blakley	McCarthy	
Bridges	Metcalfe	

So Mr. JAVITS' amendment was rejected.

Mr. CASE of South Dakota. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. Beginning on page 77, line 16, it is proposed to strike out all of Title VI, running through line 2 on page 83.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Dakota.

Mr. DIRKSEN. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CASE of South Dakota. Mr. President, I yield myself 5 minutes. I do not think it will be necessary to use all the time available.

Title VI proposes an open-space and urban development program. It is a new program, a \$100 million program, which we can well do without at this particular time. It is a \$100 million program in these words:

The administrator may contract to make grants under this title aggregating not to exceed \$100 million.

Listen to the next sentence:

The faith of the United States is solemnly pledged to the payment of all such grants, and there are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments as well as to carry out all other purposes of this title.

The Committee on Appropriations will have no discretion because the faith of the United States is solemnly pledged to the payment of such grants as the Administrator may contract to make, up to \$100 million. When? Within the first month after the bill becomes law, if he wishes to do so, over a 6-year spread, if he wishes to do so, and if that is his program. There is no provision that it shall be \$10 million a year for 10 years, or anything of that sort. It is up to \$100 million; and the faith of the United States is solemnly pledged to the payment of all such grants.

Mr. McCLELLAN. Mr. President, will the Senator from South Dakota yield?

Mr. CASE of South Dakota. I yield.

Mr. McCLELLAN. Is there any limitation on the amount of the grant which can go to any single community or vicinity?

Mr. CASE of South Dakota. The limitation is discriminatory. The language reads:

The amount of any such grant shall not exceed 25 per centum of the total cost, as approved by the Administrator, of acquiring such interest: *Provided*, That this limitation may be increased to not to exceed thirty-five per centum in the case of a grant extended to a public body which (1) exercises responsibilities consistent with the purposes of this title for an urban area as a whole, or (2) exercises or participates in the exercise of such responsibilities for all or a substantial portion of an urban area pursuant to an interstate or other intergovernmental compact or agreement.

That is significant also because the Administrator is given entire discretion. If he believes a community is doing well, he can give it 35 percent. If he believes some other community is not doing well or not doing what he wishes it to do, that community can get only 25 percent. That is the only limitation, so far as the amount is concerned.

Mr. McCLELLAN. Is there limitation dollarwise?

Mr. CASE of South Dakota. There is no limitation dollarwise. If a project

in one community amounted to \$10 million, the amount still would be 25 percent, or up to 35 percent if the Administrator thought the community was doing a good job.

In the antipollution bill, a dollar limitation is established, not to exceed so many thousand dollars—\$250,000 or \$400,000, or up to 30 percent, whichever is smaller. But there is no limitation in this particular proposal.

What is the provision designed to do? It is designed to provide for purchase of open space, or to have the Government go into a space program. If Senators will read this title, they will find that discretion is placed in the Administrator. He

is authorized to make grants to State and local public bodies acceptable to the Administrator as capable of carrying out the provisions of this title to help finance the acquisition of title 2, or other permanent interests in, such land.

In another place, we read

The Administrator shall take such action as he deems appropriate to assure that local governing bodies are preserving a maximum of open-space land.

In another place, we read:

In the processing of applications for assistance under this title, the Administrator shall consider the extent to which the communities to be assisted are encouraging, through zoning regulations and otherwise, orderly residential and other community development and renewal and are encouraging the availability of an adequate supply of decent housing at reasonable cost.

In other words, the \$100 million which the Administrator can use is a little extra sugar to induce a community to take part in the housing program under other parts of the bill.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. ROBERTSON. The chairman of the committee wishes to state that he opposed this provision before the committee. He was overridden, but he pointed out that this is a new scheme to give away \$100 million of borrowed money, as if we did not have a deficit of \$4 billion or more without having this amount added to it. The provision gives discretion to the Housing Administrator to establish parks, playgrounds, and other wide-open spaces with borrowed money, thus contributing that much more to inflation, and it proceeds to give money away in a new manner.

Mr. CASE of South Dakota. I commend the chairman of the committee for taking that position, because we have been told that there are some urgent space programs to which the country should give heed at this time. However, there is no urgency for establishing a \$100 million grant program under the provisions of this section.

Mr. DIRKSEN. Mr. President, will the Senator from South Dakota yield?

Mr. CASE of South Dakota. I yield.

Mr. DIRKSEN. I say to the distinguished Senator from Virginia that this is a new dimension in space. It should have come from the Committee on Aeronautics and Space Sciences; instead, it has come from the Committee on Banking and Currency.

I think the definition is one of the most fascinating things I have ever seen. I say to the Senator from Virginia that one must be a genius to draft this kind of language, because this is what the bill provides:

The term "open-space land" means any undeveloped or predominantly undeveloped land, including agricultural land, in or adjoining an urban area, which has (A) economic and social value as a means of shaping the character, direction, and timing of community development.

The Administrator might go out and buy one of the orchards of the distinguished senior Senator from Virginia [Mr. BYRD].

Tell me what that fantastic language means. If there is any limit to it, I have never seen it.

(B) recreational value; (C) conservation value in protecting natural resources; or (D) historic, scenic, scientific, or esthetic value.

Under that language, if the space were close to a metropolitan area, the Administrator might buy Lookout Mountain, in Georgia, and include it in the \$100 million. This is a beautiful deal.

Think of the historical monuments that might be created in Ohio. The Senator from Ohio [Mr. LAUSCHE] will remember a great character in his State by the name of Johnny Appleseed Chapman, who scattered apple seeds all over the Midwest.

If an open space is close enough to an urban area, some of that \$100 million could be obtained, probably a 1,000 acres could be added to it, and the area would be historic, because Johnny Appleseed Chapman is a great historic character.

Or the project might be scientific, depending upon the kind of apple seeds. If they were not the kind of apple seeds which come from the orchards of the distinguished Senator from Winchester, Va., perhaps we would not give them that scientific accolade. But if they were, we would.

"Aesthetic value"? That is a remarkable deal. I do not know what is meant by aesthetic value; but one can get undeveloped land in an urban area, or land that is predominantly undeveloped, and if it is intended to add to the aesthetic value, the sky is the limit.

I can think of the nicest projects under this proposal for permanent open space acquisitions. I am sorry I never thought of this before. This is one of the great new dimensions in space. The committee should have hired some scientific talent from the Atomic Energy Commission and the National Aeronautics and Space Administration to come before it and spell out for us in clear and felicitous detail how this new venture into space will be made. It is within the discretion of the Administrator, and it will cost only a cool \$100 million.

Mr. McCLELLAN. The first year.

Mr. DIRKSEN. That is correct. Watch this program build up. I can think of many projects in my State which would cost a little money. I will have them all in the hopper, God willing that I live long enough, and I am sent back to the Senate. I will have every one of those projects introduced, because

this juicy \$100 million is too good to leave untouched.

This is a new proposal, as the distinguished Senator from South Dakota says. We have not encountered this kind of dish before. But there is no limit to the fecund imaginations one finds in the Nation's Capital. If we are going down this drain, I want to have a little fun while we go down, in view of the fact that we are looking squarely in the face of ascertained facts already. Not my figures, but the Budget Bureau figures, show that for 1962 the deficit now is calculated at \$3,550 million.

What will it be after we have done all those things which are necessary and conducive to the survival and security of our country?

I sat with the President for an hour and a half the day he arrived at the White House. I rode with him in the helicopter. I heard him talk and express his concern. I share his concern. A great many things in the field of security and the survival of our freedom will be confronting this Congress before we are through; and all partisanship goes down the drain. I regard the President as a friend; and, as the minority leader, I am going to help him. I believe the best way I can help him is to do all I can to make a modest contribution to the security of the country and to the maintenance of the security and the vitality of the home front, the first line of our defense.

Mr. President, how careless can we be with the public purse? The amendment of the Senator from South Dakota should be supported unanimously by the Senate. I believe the amendment would retrieve and recoup a little confidence by the country in the Senate, and would engender in the minds of the people of the country a feeling that there remains in this body some feeling of fiscal responsibility.

Mr. President, Senators are going to be fortunate; I had planned to offer an amendment for this purpose and, in that connection, to figure out some gadgets, and to labor the question for several hours. But, instead, I shall throw my speech into the ash can.

Thus, Mr. President, I say that the pending amendment should be adopted by the unanimous vote of the Senate, because something more than the \$100 million is involved. This part of the bill seems to me to be sheer carelessness with the fiscal budget.

I thank the Senator from South Dakota for yielding to me.

Mr. CASE of South Dakota. Mr. President, I thank the Senator from Illinois. I yield myself 2 additional minutes, in order to conclude my remarks at this time.

The PRESIDING OFFICER. The Senator from South Dakota is recognized for 2 additional minutes.

Mr. CASE of South Dakota. Mr. President, we have spoken of this program as a \$100 million program; but, actually, it is more than that. The \$100 million will be a start; but, in addition, section 605 provides that:

In order to carry out the purposes of this title the Administrator is authorized to carry

out technical assistance to State and local bodies and to undertake such studies and publish such information, either directly or by contract, as he shall determine to be desirable.

Listen to this additional provision. It is in addition to the \$100 million provision:

There are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such amounts as may be necessary to provide for such assistance, studies, and publication. Nothing contained in this section shall limit any authority of the Administrator under any other provision of law.

So we begin by providing that the Administrator shall have \$100 million with which to make any grants which he may please to make; and, in addition, he can have a program of technical assistance to the States and local bodies; and, in that connection, the Congress agrees—and in that connection pledges the faith of the Nation—to make the necessary appropriations in order to carry that out.

Mr. LAUSCHE. Mr. President, will the Senator from South Dakota repeat what he read about what is in addition to the \$100 million? From what page and what line did the Senator read?

Mr. CASE of South Dakota. From page 81, line 21, section 605—and this is in order to carry out these purposes:

SEC. 605. In order to carry out the purposes of this title the Administrator is authorized to provide technical assistance to State and local public bodies and to undertake such studies and publish such information, either directly or by contract, as he shall determine to be desirable. There are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such amounts as may be necessary to provide for such assistance, studies, and publication. Nothing contained in this section shall limit any authority of the Administrator under any other provision of law.

That is in addition to the \$100 million.

This afternoon, I read on the news ticker that before long there would come from the administration a proposal to raise the ceiling on the Federal debt to \$300 billion—the highest point it has ever reached. Why do we get into that kind of predicament? Because we must provide for the national defense or for a space program.

But this open-space program does not have the urgency which would require us to authorize the Administrator to make grants up to \$100 million, without any time limit or without any dollar limit, and then to pledge the faith of the United States in that connection.

Mr. ERVIN. Mr. President, will the Senator from South Dakota yield?

The PRESIDING OFFICER (Mr. BURDICK in the chair). Does the Senator from South Dakota yield to the Senator from North Carolina?

Mr. CASE of South Dakota. I yield.

Mr. ERVIN. I ask the Senator from South Dakota whether he, like myself, is a member of the Senate Armed Services Committee?

Mr. CASE of South Dakota. Yes, I am.

Mr. ERVIN. I ask the Senator whether on occasions the Armed Services Committee has been concerned about the national defense and about such things as more appropriations for the building of B-70 bombers, and more appropriations for building up our ground forces for conventional warfare, and more appropriations for other programs; and in that connection have we been told that money is not available in order to do as much as many of us think we should do in the field of national defense?

Mr. CASE of South Dakota. Yes. We have been advised by the Secretary of Defense that we should defer or postpone certain decisions on critical items that could be used and are needed for necessary modernization; we have been told that such postponements or deferrals should be made because of the money-shortage situation.

Yet in this instance, it is proposed that a \$100 million program of the sort now advocated be undertaken.

Mr. ERVIN. Have we not also been told that we should go slower than we think proper in connection with the development of an antimissile missile program and other essential programs?

Mr. CASE of South Dakota. Yes; and also including the B-70 program and similar most important programs essential to the national defense.

Mr. ERVIN. Does the Senator from South Dakota think the wisest thing the Senate could do at this time would be to reject the pending amendment, and proceed to use the \$100 million, if the Senate does reject this amendment, and the funds which would be required for the additional expenses proposed—in fact, the entire \$290 million—for essential national defense purposes, rather than for the program proposed by means of the pending amendment?

Mr. CASE of South Dakota. Certainly.

Mr. DIRKSEN. However, Mr. President, my distinguished juridical friend is not forgetting the esthetic values involved in the amendment, is he?

Mr. CASE of South Dakota. Mr. President, I reserve the remainder of the time available to me.

Mr. WILLIAMS of New Jersey. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from New Jersey is recognized for 5 minutes.

Mr. WILLIAMS of New Jersey. Mr. President, thus far I have greatly enjoyed the debate. But I am afraid that those who will read the RECORD might, when reading the RECORD at this point, be inclined to believe that this body is opposed to conservation of our most priceless resource—land. However, we know that is not true. For more than 100 years the Senate has been the leading advocate of conservation of land for all its purposes—for its water, for recreation, for the other conservation reasons, and also for esthetic reasons. We have a great wilderness program. We have majestic national parks—although, I regret to state, in most cases too far removed from probably 90 percent of our population, with the result that it is very

difficult, if not impossible, for them to enjoy the esthetic values to be found in Yellowstone National Park, Glacier National Park, Dinosaur National Monument, and similar park areas.

But the Senate is a conservation body.

This amendment involves a most important element of conservation, in my judgment; and I say that for the reason that the amendment is designed for the conservation of the open spaces in the metropolitan areas, the areas where most of our people live. At the present time, two-thirds of the people of the United States are residents of metropolitan areas; and the projected figures are staggering. For example, by the year 2000, so the best statisticians tell us, 107 million Americans—one-third of the population—will live in 10 metropolitan areas, and another 40 percent will live in 285 metropolitan areas; and in the year 2000, more than 85 percent of all Americans will live in metropolitan areas.

Senators frequently speak of the problems which will be confronted by our children and our grandchildren; and occasionally Senators speak of the problems which will be confronted by our great-grandchildren. Such thoughts often occur to us when we are in the process of authorizing or appropriating funds, and, sometimes, creating a debt; and we worry about the debt which will be hanging over their heads, around their necks, and on their shoulders—as we should worry. But, Mr. President, if we allow the suburban metropolitan areas to continue to be developed in the way they are now being developed—without any program for the reservation of open areas—our grandchildren and our great-grandchildren will think that we, indeed, gave them a heavy burden of unbroken metropolitan jungles.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. WILLIAMS of New Jersey. I yield.

Mr. CARROLL. I am very sympathetic with his position. Can the Senator tell me what he means by "open space"?

Mr. WILLIAMS of New Jersey. The definition, while not understood by the minority leader, I believe speaks pretty much for itself, as we read it on page 82 of the bill:

The term "open-space land" means any undeveloped or predominantly undeveloped land, including agricultural land, in or adjoining an urban area, which has (A) economic and social value as a means of shaping the character, direction, and timing of community development; (B) recreational value; (C) conservation value in protecting natural resources; or (D) historic, scenic, scientific, or esthetic value.

The only part which might not be understood on its face, I suggest to the Senator from Colorado, might be the words "shaping the character, direction, and timing of community development."

What we mean by that language is that if an open-space area in and around a metropolitan area is preserved, the remaining development and growth will be channeled in a more orderly manner. We know that these unbroken housing sprawls are uneconomic in many ways.

Mr. CARROLL. I was born in the city of Denver, and I represented that district at one time in the House of Representatives. In that area we have seen, within a decade, or at least within a generation, the sprawl coming from Denver and spilling over into adjoining counties.

What do we mean when we use the term "open space" or "open areas"? What is the purpose of it?

Mr. WILLIAMS of New Jersey. The purpose is to preserve open space in urban areas. I am sure the Senator is familiar with the sad hodgepodge of suburban sprawl that is taking a million acres of land, by means of the bulldozer, and putting on that land poorly planned—if planned at all—housing, commercial, and industrial developments.

Without conservation, flood and water pollution problems are severe, because we are not preserving open areas in vast areas of growth.

Mr. CARROLL. Would the able Senator from New Jersey say that when we talk about urban sprawl, it is related to housing; and when we talk about conservation, we are talking about land in its utilization for housing?

Mr. WILLIAMS of New Jersey. No; we are not talking about land in its utilization for housing. We are talking about open land.

Mr. HUMPHREY. Parks.

Mr. WILLIAMS of New Jersey. It is more than parks. It is water conservation, as well as recreation, and it can be used as a tool for the more orderly shaping of communities that are growing.

In the area of the country in which we all have the honor working, there has been very intelligent preservation of open areas along streambeds. We are very grateful for it.

Mr. CARROLL. I am sincere in my desire to be helpful. When the Senator talks about open land, is it land in which housing will develop gradually?

Mr. WILLIAMS of New Jersey. The answer is "No." The land would be preserved as open land. Under the legislation, the Administrator could grant 25 percent of the cost of acquiring, either through outright purchase in fee, or easement, or however it would be done, land that is open, and dedicating it for the purpose of keeping it open.

Mr. CARROLL. May I have a specific example, whether it be in Minneapolis, Denver, or in New Jersey?

Mr. WILLIAMS of New Jersey. Rock Creek Park would be an example. It is an example of open space acquired and preserved as an open area for the multiple purposes of flood control, conservation, and recreation.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. WILLIAMS of New Jersey. I yield myself 5 more minutes.

Mr. CARROLL. In my own area I have seen the spilling over of new houses from Denver into adjoining areas. With no provision for open spaces, the construction of houses has been permitted in areas where they should not have been constructed, because there was no planning.

Mr. WILLIAMS of New Jersey. The Senator has precisely hit the point.

Mr. CARROLL. Is there to be planning in connection with safe housing and conservation also? I presume there must be some relation to housing, which affects people.

Mr. WILLIAMS of New Jersey. I am glad the Senator has asked the question. On page 80 of the bill there appears the heading "Planning Requirements." It is keyed to comprehensive, orderly land use planning. It is not a hodgepodge granting of areas of open space here and there. It must be a part of a planned community.

Mr. CARROLL. I think of the great State of New Jersey, the great State of Pennsylvania, the great city of Philadelphia, and the great city of New York; and I think of great areas in the West, in North Dakota, South Dakota, and all through the Great Plains, where there may not be the same problems of providing open space. I think there is such a problem in Denver, to a minor degree. Why does the Senator think such a provision is important with relation to the great, populous areas of the Atlantic coast, or a State like Michigan? What is the importance?

Mr. WILLIAMS of New Jersey. It is difficult to express the degree of importance we attach to it in the highly populated areas in the Northeast. We know our areas will be blighted, and that we will be asking Congress for large sums of money unless we plan more orderly communities through one of the tools provided, namely, open space. But it is more than a big-city problem. I should like to read the last part of a resolution which came from the Kansas Academy of Science, located at Manhattan, Kans.:

Whereas rapidly expanding urban areas in Kansas need assistance in preserving open space in and around vast areas: Therefore be it

Resolved, That the academy supports the bill S. 858.

The bill S. 858 is title 6 in the housing bill before us. We had a communication from the State of Oregon. The State of California has an open space program that uses the same definition, including esthetic value. That is a part of the law of California. From coast to coast and all States in between there has been an interest in this legislation.

Mr. CARROLL. I thank the Senator. The PRESIDING OFFICER. The time of the Senator has expired.

Mr. WILLIAMS of New Jersey. I yield myself 1 more minute.

Mr. CARROLL. I heard the masterful presentation of the minority leader, in his delightful sarcasm and ridicule. Does the Senator think this program encompasses any plan for Chicago, for example? Would the Chicago metropolitan area achieve some esthetic value from this program? What would be the nature of it? We need more specific information on it. How would the program function, and what would it do?

Mr. WILLIAMS of New Jersey. It would certainly be useful in the suburbs of the metropolitan area we call Chicago. I am sure that, in the fringes, where the bulldozers are moving in and

taking over the farmland, and where the sprawl is, there would be the purchase and preservation of open areas. Chicago and the State of Illinois have been most enlightened over the years in acquiring open areas for parks. I do not know this personally, but I understand one derives the most pleasant of esthetic feelings as one drives through the park areas of Chicago and Illinois.

Mr. CARROLL. I thank the Senator.

Mr. HUMPHREY. Mr. President, first I wish to compliment the Senator from New Jersey for telling us what title VI, "Open Space and Urban Development," is about. Anyone who has had anything to do with metropolitan living, anyone who has ever been a mayor of a city, knows that cities have difficult times raising revenues. The Federal Government has usurped most of the revenue sources of this country.

States and localities are without adequate revenue resources. This is particularly true of the cities. Most of the State legislatures are rural-dominated. In my State there has not been a redistricting in the legislative body since 1912, due to constitutional prohibitions; yet the largest city in the State has a population of 550,000 people and has the same number of legislative representatives today that it had in 1912.

I have been the mayor of a city. Other Senators have been mayors of cities. I know what it cost us to buy open space for city development.

Incidentally, Theodore Wirth, one of the great park specialists of the world, was the head of the park service of the city of Minneapolis, Minn. Conrad L. Wirth, his son, is the head of the National Park Service of the U.S. Government.

This is a well planned city. If I may have the attention of the Senator from Colorado [Mr. CARROLL], I wish to say that around this city are a number of sprawling suburbs in which there has been far too little planning, exactly as has been the case near Denver. I visited the town called Thornton, named after the former Governor of the State of Colorado, when I was in Colorado.

Mr. CARROLL. I know the gentleman well.

Mr. HUMPHREY. I visited many hundreds of homes. I noticed there had been no planning permitted, and none took place. There were no public facilities or open spaces.

I say this most respectfully, because I met with the mayor of that community and with the city council, as I did in other parts of America.

What would this provision in the bill allow? I do not care about ridicule from someone. Some of the largest cities in this country do not need ridicule, but need attention. Senators would do well to occupy themselves with attention to those cities, because 91 percent of the people of America live in cities. Today the cities are filled with teeming multitudes, yet they have inadequate playgrounds and open spaces.

I will tell Senators what open spaces mean. They mean places like Central Park in New York City. How the real

estate agents would like to get their hands on Central Park.

Open spaces mean places like Rock Creek Park, in Washington, D.C. They mean the Commons in Boston, Mass. That is what we mean when we say "open spaces."

If one has a little money for this purpose, one can save the taxpayers millions of dollars. We are all taxpayers. It is not only the Federal tax that we must pay. Some of the highest taxes in this country are the local taxes, and some of the most inequitable taxes are the property taxes.

When cities grow they must have parks and playgrounds. They must have a certain amount of conservation area, if for no other reason than to have space for people to walk around. One cannot stay inside all the time. Occasionally someone will walk out of his house. There must be some place into which the people can walk.

What happens in a city, after an urban development has taken place, is that 10 years later or 15 years later people say, "We must have some open space." Then some highly qualified citizen says, "We must get the biggest bulldozers we can, and the largest construction crews, and tear down 2 blocks of housing." Then the citizens pay many thousands of dollars in each block to tear down housing to obtain open spaces which could be purchased now for very modest sums of money.

The same thing has happened with respect to our highways. Only the other day some friends of mine were telling me the cost of the highway to the new Dulles Airport. The cost is fantastic. One could pave the highway with gold. I have never heard of such costs.

When one goes to some of the cities, one finds it costs \$5 million a mile or \$10 million a mile to put highways through the cities. Why? Because someone did not have enough common-sense, 20 years ago, to reserve space for a growing city.

As one grows a little older, he comes to think that the country will stop living and that the country will stop growing, that there will be no increase in population. I have news for people. There is a new crowd coming along, all the time, with the same old ideas, and the population grows.

It is the duty of the Senate to look a little ahead, not constantly to look behind. Open spaces are as vital as housing itself.

I commend the Senator from New Jersey. I do not ridicule him. I salute him for his vision. He looks like a man of vision. He is a man of vision. The committee had vision.

I say to those who stand in the way of this kind of planning, "You are only putting untold burdens on the backs of the taxpayers of this country."

As surely as we are in this body there will be open spaces in cities, or the cities will die. Our cities are the greatest investments in America—the greatest investments in humanity, in goods, in mortgages, and in finance. All of those are in the cities.

What else will open spaces do? They will give property more value. Some of my good friends in this body live near Manor Country Club. That is nice open space. The property is more valuable because there is open space. Property is not as valuable when people live on each other's backs. The open space is important.

Before my good friend from Illinois starts again to tell us about the lack of open space, let me say to him, most respectfully, that open spaces in the city of Chicago are valuable. The city of Chicago taxed and taxed to build its fine boulevard along the lake front. Every city in America needs open spaces.

I compliment the Senator from New Jersey. I say to him that this is the kind of America we need.

Some people say, "Let us be practical. Let us have the old FHA program."

A report was presented to me by an economist of a farm organization, showing that the Congress has never done its duty with respect to rural housing. The worst housing in America is in the rural areas of America. We as Americans ought to be ashamed. Some of the rural housing in America makes Russian housing look good. It is bad housing. More than 50 percent of it is over 30 years old, and 90 percent is without indoor facilities. We ought to be ashamed of ourselves.

By the way, no one ever lost any money on housing.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. HUMPHREY. Not yet.

More money has been made on housing than on anything else. If a person wishes to get rich, he should get into real estate. People do not go broke dealing in housing. The only direct venture by the Government in housing made the Government \$14 million.

Rural housing and open spaces are the best investments in the world. There is not a banker who does not know this. All bankers like to get the mortgages. There is not a single "loan shark" who does not like to get his hands on the paper. There is nothing better than real property—real property, open spaces, land and buildings, housing, commercial property. All of this is the best one can get.

Despite this, the Senate is debating as if we were giving away money. The bankers of America will make millions, and justly so. They will lend the money. The families of America will be richer and more prosperous because of this program. The families will live better. The cities will be better cities because of the housing program. They will be more resourceful and will have more wealth. This is the best investment America has ever made.

I would be a trifle worried about people taking care of my limited resources if all the vision they had was to say, "Don't do this. Don't do that. Don't do this." I am sure the Russians did not put a man in orbit by saying, "Don't." Perhaps one of the reasons we are so

late in the program is that we had too many "don'ters" and not enough "doers."

I thank the Senator from New Jersey. If any Senator would like a further argument, I am prepared for more.

Mr. WILLIAMS of New Jersey. I thank the Senator from Minnesota.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. WILLIAMS of New Jersey. I yield.

Mr. CARROLL. The Senator from Minnesota, the Democratic whip, talked about Thornton, Colo.

Mr. DIRKSEN. Talked about what?

Mr. CARROLL. Talked about Thornton.

Mr. DIRKSEN. I have never heard of it.

Mr. CARROLL. The Senator knew Governor Thornton, did he not?

Mr. DIRKSEN. The town was named after the former Republican Governor.

Mr. CARROLL. Yes.

Mr. DIRKSEN. It is a great town. [Laughter.]

Mr. CARROLL. This city does not need open spaces, because open spaces are all around.

I understand the point the Senator makes. There is only \$100 million. We might as well face the situation. The money is not needed so much in Thornton and in Denver, but is needed in the great cities.

Mr. WILLIAMS of New Jersey. And in the State of Kansas, if we accept the resolution passed in Kansas.

Mr. CARROLL. I know, but Kansas is not that big, yet.

Mr. WILLIAMS of New Jersey. The citizens of Kansas feel that they need the program.

Mr. CARROLL. The Senator from Kansas knows the situation better than I, but I know it fairly well.

The Senator from Minnesota made a very important point, which I wish to reemphasize, if we have the time.

Mr. WILLIAMS of New Jersey. Mr. President, may I inquire how much time remains on this side?

The PRESIDING OFFICER. Seven minutes.

Mr. CARROLL. The Senator from Minnesota makes the point that the highway program in certain areas of New York cost \$16 million a mile, and in Colorado and Kansas and other areas of the West the cost was \$100,000 a mile, which is a drop in the bucket.

Mr. WILLIAMS of New Jersey. That amount would be the Federal contribution.

Mr. CARROLL. That amount would be a drop in the bucket really to meet the great problem which the able Senator from New Jersey has so eloquently described in the great cities. I do not think we need too much of such assistance in Denver. I shall try to get a portion of appropriated money if I can, but it is not as important to us as it would be to Chicago, Philadelphia, New York, and the other great populous areas of our country.

The Senator from Minnesota has placed his finger on the point. The program would be worth not \$100 million, but in the decade ahead it would be worth \$1 billion. We are speaking now

of land value. I consider the area of Denver—city that has sprawled and built around its parks. Commercial interests would like to take over our parks today, but not for \$100 million. I am thinking in comparative terms percentage-wise. The improvement would be in terms of 95 percent, which would mean an immense investment.

I commend the Senator from New Jersey. I know that he is fighting an uphill fight. I see the able minority leader on his feet. I believe he will give the Senator from New Jersey another dose of esthetics, but I think the Senator from New Jersey is on the right track.

Mr. WILLIAMS of New Jersey. I thank the Senator from Colorado. Senators will recall what the President said in his March 9 message when he spoke about the importance of an open space program. He said:

Open space must be reserved to provide parks and recreation, conserve water and other natural resources, prevent building in undesirable locations, prevent erosion and floods, and avoid the wasteful extension of public services.

The need is so urgent that we must start now.

The provisions of title VI are the provisions that the President has requested that we pass for the kind of conservation we should have.

Mr. CLARK. Mr. President, will the Senator yield me 2 minutes?

Mr. WILLIAMS of New Jersey. I yield 2 minutes to the Senator from Pennsylvania.

Mr. CLARK. The amendment, if agreed to, would strike out of the bill the best insurance policy for urban sanity that I have ever seen. The provision would make it possible to create the kind of decent urban and suburban development which is essential to the well-being of the overwhelming proportion of our people who live in urban centers. The grant would be relatively small compared with the urban renewal grant—25 percent as opposed to 67 percent.

When I think of the sums that we in the cities vote for agriculture, what we do for the State of South Dakota, and what we do for the people in the great farm areas, I am a little surprised and mildly hurt that when an opportunity like the present one comes to do something for the sanity of the urban areas, we find that planning is still a naughty word in the Senate of the United States.

I say that we have before us a real test as to how much political lag there is in the Senate today. Is this a subject through which we are prepared to meet the necessities of the modern world? We have had one Senator tell us that it is. Here is another Senator who will tell us that it is.

Are we going to move ahead toward sanity in the treatment of our urban areas, or are we going to say that planning is still a naughty word, that the Senate is still living in the 18th century, and there is no possibility of bringing it up to date? If we do, if that is the way we think about it, we certainly should support the distinguished minor-

ity leader and his equally distinguished friend from South Dakota. Let us go all the way back behind the Founding Fathers into the days when the Pilgrims first came to this country if we want to defeat the amendment.

Mr. CASE of South Dakota. Mr. President, I yield 5 minutes to the Senator from Illinois.

Mr. DIRKSEN. Mr. President, I thank the Senator from South Dakota, and I yield myself 5 minutes on the bill.

I am fairly reduced to tears by these mayoral pleas tonight. At one time I was a member of a city council. Believe it or not, I used to live in the city in which the distinguished Senator from Minnesota was at one time the mayor. I can tell him things about his town that he does not even know. In fact, I got there when he was scarcely out of three-cornered pants. That is a long time ago. But I never saw any lack of permanent open spaces in the great cities of Minneapolis and St. Paul. In fact, one could go into south Minneapolis and into north Minneapolis and out to Lake Minnetonka and out to Lake Nokomis—and what other lake?

Mr. HUMPHREY. Cedar Lake, Lake Hiawatha, Lake Harriet, Lake Calhoun, and Lake of the Isles. I know a great deal about Minneapolis, too.

Mr. DIRKSEN. One never saw such open spaces in his life—and not a single Federal dollar went into it.

I have walked in Central Park in the moonlight in New York and watched the moon, drenched with moon beams, filled with romance. I thought it was one of the great areas of the country. And not a dollar from the Federal Treasury was used for the development of Central Park.

Yes, we hear tearful pleas for 25 percent of the cost of such projects. But we would never know the end of it.

Look at what constitutes an urban area under the section. I fairly drool when I read the language:

The term "urban area" means any area which is urban in character, including those surrounding areas which in the judgment of the administrator form an economic and socially related region.

Why, brilliant Senator, tell me what that section means.

Mr. HUMPHREY. I shall be delighted.

Mr. DIRKSEN. Tell me the broad expanse that is encompassed by a "socially related region as determined by the administrator of the Housing Administration." Why, I suggest to the Senator from Arizona [Mr. HAYDEN] that term could include all of the State of Arizona if it was close to an urban area.

I never saw such an etymological piece of fantasy in my life as we find in title 6 of the bill.

Then the administrator must take into consideration such factors as "the present and future population." What will be the trend? One day the administrator may be looking out the window from the 7th floor of the Housing Administration building and he may be fairly entranced by some golden and romantic dream. He may think of a great region

and see these windrows of additional people as our population moves up to 250 million. Suddenly he says in all seriousness, "This is a factor that I must take into account as I try to determine what constitutes an urban area."

Where is my friend from Colorado? I hope he is still here, because he was reciting all the glories of Denver. It is a great place—mile high, as we know. It has been built up beautifully. If one would wish to see open spaces, I suggest that he go out to the airport or to Fitzsimons General Hospital. I would suggest that he go anywhere around Denver and he will see open spaces to his heart's content. If one would stay long enough, he would develop an awful nostalgia for some of the closed spaces. But where is the city of Denver? Has the representatives of that city come here and supplicated and entreated for money? Where are the representatives of the city of Minneapolis over which my distinguished friend presided with such dignity, grace and such confidence as the mayor?

Mr. HUMPHREY. I thank the Senator.

Mr. DIRKSEN. The mayor of that great scholarly city where I went to school. I never saw representatives of that city come here and ask us for funds from the Federal Treasury.

Mr. WILLIAMS of New Jersey. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield. Yes, the Senator from New Jersey will correct me and say that the mayor was here. It still would not make any difference.

Mr. WILLIAMS of New Jersey. The United States Conference of Mayors came here.

Mr. DIRKSEN. Why, the Conference of Mayors is looking for some easy money from the Federal Treasury. I would do the same thing if I were a mayor, and if I thought the Senate was such as easy touch, as has been demonstrated this afternoon. I would not stay back in my city hall. I would move down to Washington and say "I can serve the people better by getting this easy dough, by appearing before the committees of the House and Senate."

Mr. WILLIAMS of New Jersey. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. WILLIAMS of New Jersey. Does the Senator realize that the Federal share of the program is only 25 percent?

Mr. DIRKSEN. Only 25 percent. I see my friend from Colorado in the Chamber. I marveled at the dulcet, alarming way in which he said, "This \$100 million is only a drop in the bucket."

Mr. CARROLL. For the big cities.

Mr. DIRKSEN. A hundred million dollars, Mr. President, is only a "drop in the bucket." I grew up at a time when on Sunday, if I had been a good boy for the whole week, my mother gave me a penny and said to me, "My son, don't spend it all in one place."

We have come a long way from then. The classic example is here tonight, when the Senator from Colorado says a hundred million dollars is "a drop in the bucket."

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. DIRKSEN. No wonder we are nursing a \$295 billion debt. Before the committee of the distinguished Senator from Virginia [Mr. BYRD] there will come a delegation very soon from the Treasury Department. They will have to start thinking about a ceiling on the public debt. Where will the public debt go? \$295 billion? I do not see how a request for a \$300 billion debt ceiling can be avoided. We have already burst the barrier of cash expenditures, because the budget revision of May 1925, shows that the take from the American people will be \$103 billion, and the output will be close to \$107 billion. Therefore, there will be a \$4 billion deficit in the cash balance when we come to the end of June 1962. But, Mr. President, a hundred million dollars is "a drop in the bucket."

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. CARROLL. I would like to correct an impression that the Senator from Illinois seems to have. There is a place in Colorado called Thornton.

Mr. DIRKSEN. That is a great Republican town.

Mr. CARROLL. It voted for the junior Senator from Colorado.

Mr. DIRKSEN. That shows how impartial we can be.

Mr. CARROLL. It is a very intelligent community. We do not seek this program necessarily for Denver. I said to the able Senator from Kansas that we did not seek it for Kansas.

What I had in mind when I spoke of a drop in the bucket was the great metropolitan areas of this country, which have a great percentage of the population within their boundaries. A hundred million dollars for this purpose is a drop in the bucket for them. That is what I meant to convey. I think that is a fair statement. This is only the beginning. We might as well face that fact. More will be involved, as the able Senator from New Jersey and the able Senator from Minnesota said, because we are planning for the future. Over the past 50 years I have seen my own community sprawl out into the adjoining counties. We do not know how to solve the metropolitan problem. I am not asking for any part of this bill. However, when I think of great metropolitan areas like Chicago, New York, and Philadelphia, I see the problem that they face.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. DIRKSEN. Was this on my time?

The PRESIDING OFFICER. The Senator is correct.

Mr. DIRKSEN. I yield myself 1 more minute.

Mr. CARROLL. Mr. President, I wish to say to the Senator—

Mr. DIRKSEN. For 1 minute only, please.

Mr. CARROLL. The Senator from Illinois makes a sarcastic argument, ridiculous in some respects. However this is a part of the program. If the Senate rejects it now, it will come up again. The point the able Senator from Minnesota made was that in the highway program, construction costs \$16 million a

mile in New York, and \$100,000 a mile in the West. The Senator from Illinois comes from a great metropolitan area. The Senator knows more about this problem than I do.

Mr. DIRKSEN. I will take a little of my own time, because it is running out.

Mr. CARROLL. May I say one thing further?

Mr. DIRKSEN. No more, please. The Senator can get some time from the Senator from New Jersey [Mr. WILLIAMS].

Mr. WILLIAMS of New Jersey. How much time have I remaining?

The PRESIDING OFFICER. Three minutes.

Mr. CARROLL. I will take only a half minute. I do not want the Senator from Illinois to obscure the issue or to becloud it. This is a very simple issue. Do we want to get into this field for \$100 million? When I came through the door I thought that was too much. When I heard the Senator's speech about esthetics, he impressed me. The Senator always impresses me. He does not always convince me, but he impresses me. I thought perhaps we ought not to go into this field. However, it is a part of the housing program.

I end on this note. I commend the able Senator from New Jersey, and I urge him to stick to his guns. If he does not win today he will win tomorrow or in the future.

Mr. DIRKSEN. Mr. President, I yield myself an additional 2 minutes. Let me first reply to the Senator from Colorado. We have heard about Thornton, Colo. There is also a town called Golden in Colorado. When I was in the House I went out there to join the senior class of the Golden High School, and that class got out the class paper, the last paper of the class, and the headline in that paper read "WPA, Here We Come."

I do not want that to happen again, but that is the way we get there when we go down the fiscal drain, and there is no responsibility. My friend speaks with impunity, in dulcet tones, with savoir faire, of \$100 million being a drop in the bucket.

Let us persist on that road, and let us believe that it is only a drop in the bucket. Then soon a billion dollars becomes a drop in the bucket, and then several billion dollars. What will the result be? I want to see the fiscal solvency of this country preserved; \$100 million is something more than a drop in the bucket in my book.

I came up in overalls long ago. When I get a dollar, I hold onto it. Perhaps we need a little more frugality in this country. When we look at the staggering debt and the staggering budget and a concerned President—

The PRESIDING OFFICER. The time of the Senator from Illinois has expired.

Mr. DIRKSEN. I yield myself 1 more minute.

As we consider a concerned President when he comes back from his visit with Khrushchev and De Gaulle, and the situation that confronts us today, we had better be thinking a little more than

academically about the issue of survival and national freedom. To preserve it in a world filled with the ugly contagion and fevers we see on the firmament of the world, will require some money, and we had better be sure that it is available. Let us not talk about \$100 million being a drop in the bucket. We had better sustain the amendment of the distinguished Senator from South Dakota, and strike down this \$100 million for historic, esthetic, social regions in urban areas for permanent open spaces and a new dimension in space. Is it not wonderful?

Mr. CASE of South Dakota. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from South Dakota has 10 minutes remaining.

Mr. CASE of South Dakota. I yield 1 minute to the Senator from Utah.

Mr. BENNETT. Mr. President, I wish to make the observation that there is a very interesting anomaly in this situation. We are appropriating \$9 billion to build houses and \$100 million to prevent the building of houses.

Mr. CASE of South Dakota. Mr. President, does the Senator from Ohio wish me to yield to him?

Mr. LAUSCHE. Yes. I should like to ask the Senator from New Jersey a question.

Mr. CASE of South Dakota. I yield 2 minutes to the Senator from Ohio.

Mr. LAUSCHE. If we are interested in the establishment of recreational grounds because of their contribution to health and welfare, why does the Senator from New Jersey include an authorization for the acquisition of historic, scenic, esthetic, and other sites, which may be desirable, but are not essential, to the achievement of the objective he has in mind?

Would the Senator from New Jersey be willing to confine this authorization merely to the acquisition of recreational grounds in the areas he describes?

Mr. WILLIAMS of New Jersey. I think that would be unwise. I think it might be amenable to recreation, but also there might be stream valleys, which might not be necessary for recreation, but which are necessary for conservation. Any one if those objectives, I believe, would justify the inclusion of this provision.

As the President stated in his message, let us support intelligent conservation now of open space near urban areas before we see our urban areas become totally urban jungles.

Mr. LAUSCHE. Mr. President, will the Senator from South Dakota yield another minute?

Mr. CASE of South Dakota. I yield 1 additional minute to the Senator from Ohio.

Mr. LAUSCHE. I submit as the basis of my question what the President said in his message to Congress on May 25:

Moreover, if the budget deficit now increased by the needs of our security is to be held within manageable proportions, if we are to preserve our fiscal integrity and world confidence in the dollar, it will be necessary to hold tightly to prudent fiscal standards; and I must request the cooperation of the Congress in this regard—to re-

frain from adding funds or programs, desirable as they may be, to the budget—to end the postal deficit through increased rates, a deficit, incidentally, which exceeds the fiscal year 1962 cost of all the space and defense measures I am submitting today—to provide full pay-as-you-build highway financing, and to close those tax loopholes earlier specified.

I submit that the proposal of the Senator from New Jersey to acquire historic, esthetic, and scenic sites may be desirable, but it is not essential in this period.

Mr. CASE of South Dakota. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from South Dakota has 3 minutes remaining.

Mr. CASE of South Dakota. How much time does the Senator from New Jersey have remaining?

The PRESIDING OFFICER. The Senator from New Jersey has 2 minutes remaining.

Mr. CASE of South Dakota. I yield myself 1 minute. I will be willing to yield back the remaining 2 minutes, if the Senator from New Jersey is willing to yield back his remaining 2 minutes.

Mr. President, if \$100 million is only a drop in the bucket, to take the figure of speech used by the Senator from Colorado, remember that we have already provided 20 drops for the urban areas, because \$2 billion has already been provided for urban renewal under a program continued in this bill.

And there is another \$2½ billion more in this bill for urban renewal. That ought to be at least 25 more drops in the bucket for urban development. So the cities are not entirely forgotten even if we do not start a new open space program on the Federal level right now.

A decision here that the Government should not provide \$100 million to start this land buying at this time will not mean that the cities cannot do something in this area themselves.

Local governments are the best judges of the trend of land values. If an investment in a particular tract is indicated right now, they are in a better position to buy it at the right price than they would be if it were known that Uncle Sam was to supply 25 or 35 percent of the price.

There is nothing to prevent Chicago or Minneapolis from adding to the lake shore or forest reserve, or some of the other open space areas, on their own.

But what is the urgency today for giving this program \$100 million worth of priority, under the conditions we face today? Good as the purposes of the program may be, why start it now on the Federal level?

On the day we are told the debt ceiling must be raised to \$300 billion, why pledge the faith of the United States to pay out \$100 million in grants to start this new program?

What is the urgency? I hope Senators will support my amendment to strike title VI from the bill and save \$100 million in cash for more urgent projects.

Mr. WILLIAMS of New Jersey. Mr. President, every year we are taking a million acres of open land for the sprawling, inefficient, wasteful kind of develop-

ment which has made our suburbs the worst possible places for now, and certainly for the future. As we continue to develop in that way, we are creating conditions that will insure the slums of tomorrow.

This is conservation of the best kind. It is conservation of natural resources for their use in recreation; conservation so that their growth will be more orderly, more efficient, and less wasteful.

A hundred million dollars represents 20 miles of metropolitan highway. We could relate this proposal to other things. I wish one of my friends, perhaps the Senator from South Dakota, would tell me what \$100 million means in the storage of some of the surplus food. Relate this proposal to some of the other programs that a dollar for conservation today will represent unbelievable benefits tomorrow, if we have to undo, tear down, as the Senator from Minnesota suggested—tear down tomorrow what we have built today, we will really be embarked on a program of massive spending. Who will question that this body, which has done so much for conservation, will not recognize that this proposal is insurance against monumental spending tomorrow.

Mr. CASE of South Dakota. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The yeas and nays have been ordered, and the clerk will call the roll.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DIRKSEN. May we have the amendment of the Senator from South Dakota stated?

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 77, beginning on line 16, it is proposed to strike out all of title 6 through line 2, on page 83.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Montana, [Mr. METCALF], and the Senator from Oregon [Mrs. NEUBERGER] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY] is necessarily absent.

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Arizona [Mr. GOLDWATER]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from Arizona would vote "yea."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from New Hampshire [Mr. BRIDGES]. If present and voting, the Senator from New Mexico would vote

"nay," and the Senator from New Hampshire would vote "yea."

On this vote, the Senator from Minnesota [Mr. McCARTHY] is paired with the Senator from Kentucky [Mr. MORTON]. If present and voting, the Senator from Minnesota would vote "nay," and the Senator from Kentucky would vote "yea."

On this vote, the Senator from Montana [Mr. METCALF] is paired with the Senator from Vermont [Mr. AIKEN]. If present and voting, the Senator from Montana would vote "nay," and the Senator from Vermont would vote "yea."

On this vote, the Senator from Oregon [Mrs. NEUBERGER] is paired with the Senator from Colorado [Mr. ALLOTT]. If present and voting, the Senator from Oregon would vote "nay," and the Senator from Colorado would vote "yea."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES] is absent on official business.

The Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

The Senator from Vermont [Mr. AIKEN], the Senator from Colorado [Mr. ALLOTT], the Senator from Kentucky [Mr. MORTON], and the Senator from Massachusetts [Mr. SALTONSTALL] are detained on official business.

The Senator from Vermont [Mr. AIKEN] is paired with the Senator from Montana [Mr. METCALF]. If present and voting, the Senator from Vermont would vote "yea," and the Senator from Montana would vote "nay."

On this vote, the Senator from Colorado [Mr. ALLOTT] is paired with the Senator from Oregon [Mrs. NEUBERGER]. If present and voting, the Senator from Colorado would vote "yea," and the Senator from Oregon would vote "nay."

On this vote, the Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from New Hampshire would vote "yea," and the Senator from New Mexico would vote "nay."

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from New Mexico [Mr. ANDERSON]. If present and voting, the Senator from Arizona would vote "yea," and the Senator from New Mexico would vote "nay."

On this vote, the Senator from Kentucky [Mr. MORTON] is paired with the Senator from Wisconsin [Mr. McCARTHY]. If present and voting, the Senator from Kentucky would vote "yea," and the Senator from Wisconsin would vote "nay."

The result was announced—yeas 46, nays 42, as follows:

[No. 71]

YEAS—46

Beall	Dworshak	Muskie
Bennett	Eastland	Prouty
Bible	Ellender	Proxmire
Boggs	Ervin	Robertson
Butler	Fong	Russell
Byrd, Va.	Hickenlooper	Schoeppel
Cannon	Holland	Smathers
Capehart	Hruska	Smith, Maine
Carlson	Johnston	Stennis
Case, S. Dak.	Jordan	Talmadge
Church	Kerr	Thurmond
Cooper	Kuchel	Wiley
Cotton	Lausche	Williams, Del.
Curtis	McClellan	Young, N. Dak.
Dirksen	Miller	
Dodd	Mundt	

NAYS—42

Bartlett	Hayden	McNamara
Burdick	Hickey	Monroney
Bush	Hill	Morse
Byrd, W. Va.	Humphrey	Moss
Carroll	Jackson	Pastore
Case, N.J.	Javits	Pell
Clark	Keating	Randolph
Douglas	Kefauver	Scott
Engle	Long, Mo.	Smith, Mass.
Fulbright	Long, Hawaii	Sparkman
Gore	Long, La.	Symington
Gruening	Magnuson	Williams, N.J.
Hart	Mansfield	Yarborough
Hartke	McGee	Young, Ohio

NOT VOTING—12

Aiken	Bridges	Metcalf
Allott	Chavez	Morton
Anderson	Goldwater	Neuberger
Blakley	McCarthy	Saltonstall

So the amendment of Mr. CASE of South Dakota was agreed to.

Mr. DIRKSEN. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. CASE of South Dakota. Mr. President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. MILLER. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Iowa will be stated.

The CHIEF CLERK. On page 41, in line 6, after the word "housing," it is proposed to insert "including civil defense shelters."

Mr. SPARKMAN. Mr. President, I have discussed this amendment with the Senator from Iowa, and I am perfectly willing to accept it. I understand that the Senator from Iowa has also discussed the amendment with the Senator from Indiana [Mr. CAPEHART].

I should like to say this amendment relates to permitting fallout shelters to be a part of the demonstration program provided in the public housing section of the bill.

Mr. MILLER. Civil defense shelters. Mr. SPARKMAN. Yes, civil defense shelters.

We have wrestled with this problem a good many times, in the committee. This year we called attention to the fact that in 1960 we requested the HHFA and the OCDM to study these matters and to submit to the Congress a report containing any recommendations for amendment to existing legislation.

In our report we state:

The committee wishes to restate its request for further study of this matter and for a report to be submitted to the Congress. The committee suggests that this report be made at the earliest possible date and not later than January 1, 1962.

I want it clearly understood that the acceptance of this amendment does not change our view in that we ought to have a report regarding this subject from these two agencies.

Mr. JAVITS. Mr. President, will the Senator yield to me?

Mr. SPARKMAN. I yield.

Mr. JAVITS. That provision was put into the report at my insistence. I feel this is a critically important matter in

relation to housing, and I should like to join with the Senator in charge of the bill in pledging that we shall do our utmost to get this kind of report, which has been so long outstanding now. So long as the Senator from Alabama feels that the amendment of the distinguished Senator fits into that concept, I think it should be adopted.

Mr. MILLER. I thank the Senator. This amendment does not necessitate action on the part of the administrative authority. It merely provides for greater flexibility so that the Administrator can fit it into Federal policy with respect to this matter.

Mr. DIRKSEN. Mr. President, I intrude just one thought. In some of the suburbs north of Chicago, the Civil Defense Administrator has persuaded people to put in so-called bomb shelters. Then comes the assessor and says it is a capital improvement, and a tax will be assessed against it. We are not going to get very far with a civil defense program if the people are to be taxed for it. I make the record only to be sure the administrator takes that fact into consideration.

Mr. MILLER. Mr. President, do I correctly understand that the Senator in charge of the bill has accepted the amendment?

Mr. SPARKMAN. I am willing to accept it. Of course, the question must be put.

Mr. MAGNUSON. Mr. President, I wish to ask a simple question. I have heard much talk about back-door spending. Would this provision obligate the Senate committee to appropriate money for defense shelters?

Mr. MILLER. Not at all, except insofar as it might appear in one of the demonstration type units. In other words, this proposal fits in with the idea that the Civil Defense Administrator has expressed in the report, on page 3, in which it is pointed out that—

OCDM, in carrying out this policy, places emphasis on education, the utilization of existing and new Federal buildings, and prototype shelters of various kinds.

This proposal fits in with the policy of the OCDM and the Administrator. It does not go beyond the demonstration.

Mr. MAGNUSON. But Congress has consistently denied the Civil Defense Administrator money for buildings. This proposal would in some ways obligate us to do something about it; would it not?

Mr. MILLER. This would not obligate the Administrator or the authority to do anything. This section, on page 41, says the Authority is authorized to do so.

Mr. MAGNUSON. It is a little nose under the tent.

Mr. MILLER. Particularly in light of the legislative history which has been made, it would seem strange that the Authority would fly in the face of it, contrary to the policy and the report that is expected to be made by January 1, 1962, and particularly when this section applies only to the demonstration area. I think we might be missing the boat if we did not permit the demonstration areas to show how civil defense shelters might be efficiently made.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa.

The amendment was agreed to.

Mr. CAPEHART. Mr. President, I call up my amendments identified as "6-1-61-A."

The PRESIDING OFFICER. The amendment offered by the Senator from Indiana will be stated.

Mr. CAPEHART. Mr. President, I ask unanimous consent to dispense with the reading of the amendments, and have them printed in the RECORD.

Mr. KEATING. Mr. President, reserving the right to object, will the Senator explain the amendments? I should like to know what I am voting on.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

The amendments offered by Mr. CAPEHART (for himself and Mr. BENNETT) are as follows:

On page 42, between lines 19 and 20, insert the following:

"LOCAL RESPONSIBILITIES

"SEC. 301. Section 101(c) of the Housing Act of 1949 is amended by—

"(1) striking out 'unless (1)' and inserting in lieu thereof the following: 'unless (1) the locality with respect to which an application for assistance under this title is made has had in effect for at least one year prior to the filing of such application a minimum standards housing code deemed adequate by the Administrator and which he determines has been satisfactorily enforced from the time of its adoption or for at least one year prior to the filing of such application, whichever is the lesser, (2)'; and

"(2) striking out 'and (2)' and inserting in lieu thereof 'and (3)'."

On page 42, line 21, strike out "301" and insert "302".

On page 44, line 5, strike out "302" and insert "303".

On page 45, line 4, strike out "303" and insert "304".

On page 45, line 23, strike out "304" and insert "305".

On page 47, line 12, strike out "305" and insert "306".

On page 48, line 10, strike out "306" and insert "307".

On page 48, line 15, strike out "307" and insert "308".

On page 49, line 16, strike out "308" and insert "309".

On page 50, line 9, strike out "309" and insert "310".

On page 50, line 20, strike out "310" and insert "311".

On page 54, line 5, strike out "311" and insert "312".

On page 56, line 8, strike out "312" and insert "313".

On page 58, line 2, strike out "313" and insert "314".

On page 58, line 21, strike out "314" and insert "315".

On page 58, line 22, strike out "clause (1)" and insert in lieu thereof "clause (2) (as redesignated by section 301)".

Mr. CAPEHART. Mr. President, I ask unanimous consent that a statement I have prepared be printed in the RECORD at this point as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR CAPEHART

MINIMUM HOUSING STANDARD AMENDMENT

The bill provides for a \$1 million insured experimental housing program designed pri-

marily to study new materials and ideas in housing construction.

In fact, the committee report sets out four examples:

1. Stretched-skin sandwich panel.
2. Nylon tubing for plumbing.
3. Super-imposed veneer finishes for floors, walls, etc.
4. Plastic-woven wall coverings.

Now, if these and a hundred other materials and ideas are found by FHA to be acceptable for FHA insurance on a general scale, where are the houses going to be built in compliance with existing codes?

This amendment does not produce an argument in support of any particular modern development in housing, but it is a vehicle by which our general housing program can progress in a manner other than through the constant pouring of public funds into new and fanatical schemes.

It is interesting to note that a survey made in 1959 showed that about 758,000 substandard dwelling units came into existence between 1950 and 1956 in metropolitan areas.

This is in addition to those units which were standard in 1950, but which lapsed into substandard by 1956.

The total 758,000 units is more than twice the number of public housing units the Federal Government helped to build in the same 6-year period.

It is also shown in the survey that enforcement of minimum housing standards in these same areas probably would have eliminated the entire 758,000 units from the substandard inventory in those areas.

The cost to bring these units to proper standards through satisfactory code enforcement would have been far less than the cost of public housing necessary to relieve the conditions.

This amendment would be the first step toward requiring cities who wish to participate in Federal housing programs to modernize their minimum housing standards and to step up enforcement.

Considerable evidence has been acquired by the committee as well as the Housing agencies that codes in many areas are quite old and that many areas have shoddy code enforcement.

These conditions would tend to contribute to increased substandard housing through the Federal housing programs.

Mayor Lee, of New Haven, Conn., made a point of the fact that modernization of codes and better code enforcement were primary factors in the successful rehabilitation program in his city.

This amendment merely requires that cities modernize their codes in advance of their applications for Federal housing assistance under the urban renewal section of the bill and that satisfactory code enforcement be demonstrated for at least a year in advance of the Federal commitment.

Mr. CAPEHART. Mr. President, I invite the attention of the Senator in charge of the bill to the fact that the amendment has to do with establishing better building codes on the part of cities desiring help from the Federal Government on urban renewal projects. The theory is that, unless we do it, we are going to create slums out of the new construction in urban renewal projects.

I suggest to the able manager of the bill that we instruct the Housing Subcommittee of the Banking and Currency Committee to study the question, report back to the Subcommittee on Housing, and the full committee, and, at a later date, offer legislation to establish some good maximum and minimum housing codes in respect to urban renewal projects.

Mr. SPARKMAN. Mr. President, I am glad to have that suggestion from the able Senator from Indiana. I am familiar with the problem he is trying to meet. I think it is a problem which can be more effectively handled after a study has been made, and I am certainly willing to accept the proposal.

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed in the RECORD, as a part of my remarks, an article which appeared in the Wall Street Journal of May 31, 1961; and I now withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

RULES FOR BUILDER: CONTRACTORS, OTHERS STRIVE TO GET CITIES TO MODERNIZE CODES—NEW RULES TOUCH OFF BOOM IN DOWNTOWN ST. LOUIS, CUT HOUSE PRICES AT DETROIT—ALUMINUM AND BIG WINDOWS

(By James R. Macdonald)

ST. LOUIS.—Early this fall, construction crews will begin tearing down 50-year-old buildings in a block-square downtown section of this old Mississippi River city. In their place will rise a gleaming \$9 million office building, which city officials say will be the first major new building to be constructed in downtown St. Louis in more than 35 years.

The office building will be only a starter. St. Louis city officials and businessmen are poring over blueprints for an additional \$50 million of new downtown construction over the next 12 months. It's estimated that in the next 5 years some \$200 million will be put into new construction in the heart of the city.

Why the sudden building boom here? Joseph P. Sestric, St. Louis' acting building commissioner, has a simple explanation: "We finally got ourselves a new building code." Private builders and other public officials agree that this city is only beginning to reap the benefits of modernizing a building code whose outmoded provisions had discouraged new construction for many years.

In other parts of the country, builders and producers of construction materials are fighting hard to win similar acceptance of the many new materials and construction techniques now available, usually at considerable savings in cost, but often prohibited by the city ordinances that regulate the building industry. Already this campaign has scored some impressive gains. In 1960, more than 1,000 communities made major revisions in their building codes, the National Association of Home Builders estimates. But, the NAHB add, there are still some 25,000 codes at the city, county, or State level that need modernizing.

PROTECTING THE PUBLIC

Fundamentally, building codes are detailed sets of rules adopted by local communities to govern all types of construction. The codes prescribe minimum standards for builders, with the sole aim, in theory, of protecting the health and safety of the community. In other words, codes are designed to prevent unscrupulous contractors from using unsafe or inferior materials and assembly methods and passing them off on an unwary public.

No one seems certain where building codes originated. Codes have been traced back as far as the ancient Egyptians and Romans, however. In those days, if an architect-contractor designed and built a structure that collapsed and killed someone, public-spirited citizens promptly lynched him.

Present laws, while less vengeful, do provide for criminal penalties in extreme cases.

Most present day codes can be classified as specification codes; these spell out the materials and assembly methods that can be used. The usual interpretation placed on such codes is that unless a particular material or method is specified, it is prohibited.

Builders complain that most of these codes were written many years ago and don't take into account the development of modern, low-cost materials and techniques. Moreover, these codes vary widely from city to city, each code imposing a different set of requirements on contractors. Thus, the contractor often can't take advantage of big potential savings through standardization of component parts. To get permission to use a nonspecified material, the builder must persuade the local code administrator to relax the law to permit its use—a time-consuming and costly process.

UNQUALIFIED PERSONNEL

Builders also declare that in many cities the code administrator isn't technically qualified to perform his job adequately. An official of the NAHB says that "in many cities, particularly in smaller ones, the community won't pay a high enough salary to attract good men. This results in the hiring of a retired carpenter or plumber who may be an authority on nailing boards together or on installing plumbing but who isn't qualified to administer the code."

Politics—and occasionally graft—enter the picture in a number of cities, builders add. One homebuilder in the Midwest says that "about the only way to handle a sticky building code problem in some cases is just to be extra nice to the code administrator."

The building industry is pressing for adoption of so-called performance-type codes. Instead of specifying materials and methods, a performance code allows a builder to use any material and construction technique he desires so long as they "perform" according to certain standards, such as providing a certain amount of resistance to fire.

MODEL CODES DRAFTED

Four model performance-type building codes have the backing of most of the industry. These codes were drafted by regional associations of building code officials—the Building Officials Conference of America, Chicago; Southern Building Code Conference, Birmingham, Ala.; International Conference of Building Officials, Los Angeles—and by the National Board of Fire Underwriters, New York. The codes are all similar but each takes into account the various climatic and other purely regional requirements for construction.

While the makers of materials that are relatively new to the building industry—aluminum, for example—are the more obvious beneficiaries of code changes, it appears that in many cases the prospective home buyer also stands to gain significantly.

"If the building code would allow me to use the materials and methods I wanted, I would build 20 percent more new homes each year and could cut the price on each one by about \$1,000," declares Ralph J. Finitzo, a builder of homes in suburbs of Chicago.

E. J. Burke, president of the NAHB, believes that one of the most urgent needs of the housing industry is to stimulate more low-cost housing development. To accomplish this, Mr. Burke says, "building code reform is an absolute must."

NEW CODE FOR ARLINGTON HEIGHTS

William Alter, another builder in suburban Chicago, says that a new building code covering an area outside Arlington Heights, Ill., where he plans to build more than 400 dwellings in 1961 and 1962, will enable him to charge about 10 percent less than for a comparable house in a neighboring suburb.

Mr. Alter says that in the development outside Arlington Heights he is now able to use light, easy-to-install copper plumbing materials instead of the lead plumbing he must use in some areas, saving an average of \$150 a home. Mr. Alter also is now using dry-wall panels rather than wet plaster inside the homes in the development, saving about \$300 a house.

Detroit home builder Sheldon Rose reports that the adoption of a new performance building code 2 years ago helped him cut prices. Under the new code he is permitted to build nonload-bearing interior walls and to space his exterior wall studs 24 inches apart instead of 16 inches apart as formerly required. "These may not sound like important changes," Mr. Rose says, "but by the time you add up the savings on the new materials themselves, plus the savings in labor stemming from the fact that these materials allow faster construction, it comes to several hundred dollars a house."

For some builders, the building code can mean the difference between whether they do business in a particular area or not.

A PREFABRICATOR'S TROUBLES

Harnischfeger Homes, Inc., a big prefabricator of houses, reports that in two mid-western communities antiquated building codes had prevented it from erecting houses in the areas. "These were simply impossible codes to work with," a Harnischfeger official states. "In one case prefabs were banned altogether, and in the other the code would have jacked up costs to the point where it would have made it uneconomical for us to build."

Working with local civic groups and builders, the company was able to convince both communities that new codes were needed. In one instance the company helped the city write an entirely new code, and in the other case it persuaded the community to adopt the model code drawn up by the Building Officials Conference of America.

Here in St. Louis, builders are now free to make liberal use of such materials as aluminum, steel, copper, and plastics. Under the old code, any commercial building with under 100,000 square feet of floor space had to be built of masonry products in order to live up to the code's fire-resistance requirements. And in buildings with more than 100,000 square feet of floor space, any materials used, such as steel panels, had to be backed up with a protective sheath of brick or stone ranging from 6 to 12 inches in thickness.

In multiple-story residential units, such as apartments, the old St. Louis code required at least 36 inches of solid masonry separating the top of windows on one floor from the bottom of windows on the floor above. Now builders and architects are free to stretch windows a full floor in height if they so desire. The old code required that electrical wiring in new commercial buildings had to be installed in rigid metal conduits. The new code permits flexible conduits that not only cost less initially, but are faster and thus cheaper to install.

UNION OPPOSITION

St. Louis did not get its new code easily. There was bitter opposition from the masonry industry as well as from the bricklayers' and electricians' unions, who feared loss of work. Nevertheless, the code was approved in what Arthur Wright, executive director of Downtown St. Louis, Inc., a privately financed downtown promotion group, calls "unquestionably, the most important single piece of legislation passed by this city in 20 years."

Though progress to date in its building code overhaul campaign has been encouraging, the building industry plans to step up its efforts in this direction.

A powerful new ally who may give the drive a big boost: Uncle Sam. Earlier this

year, President Kennedy's special task force on housing legislation recommended, as one important way to stimulate more home building, creation of a special Federal commission that would deal exclusively with the problem of building code improvement and standardization.

The National Association of Home Builders has in the works a special survey designed to pinpoint areas where building codes are a problem for builders. The N.A.H.B. expects to question 1,300 builders on the building codes in their areas and will concentrate its campaign for code reforms in the areas that show the most trouble.

Associations representing various materials manufacturers also are investing heavily in the campaign. The National Lumber Manufacturers Association, for example, will spend "over \$500,000 in our code-modernization effort this year," according to Gerald F. Prange, vice president, technical services. This amount is nearly double the outlay of 1960.

Finally, the model code groups themselves are increasing their efforts to get their codes adopted. The Building Officials Conference of America has increased its promotional budget 10 percent this year and the Southern Building Code Conference plans to publish a series of pamphlets stressing the need for up-to-date building codes. These will be sent to city officials and code administrators all over the South.

Mr. FONG. Mr. President, I call up my amendments identified as "6-6-61—A."

The PRESIDING OFFICER. The amendments offered by the Senator from Hawaii will be stated.

Mr. FONG. Mr. President, I ask unanimous consent that the reading of the amendments be dispensed with and that they be printed in the RECORD.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

The amendments offered by Mr. FONG are as follows:

On page 83, strike out the lines 5 through 8, and insert in lieu thereof the following:

"Sec. 701. (a) Section 501(b) of the Housing Act of 1949 is amended by inserting '(1)' immediately after '(b)' and by adding at the end thereof a new paragraph as follows:

"(2) For the purposes of this title, the terms 'owner', 'farm', and 'mortgage' shall be deemed to include, respectively, the lessee of, the land included in, and other security interest in, any leasehold interest which the Secretary determines has an unexpired term (A) in the case of a loan, for a period sufficiently beyond the repayment period of the loan to provide adequate security and a reasonable probability of accomplishing the objectives for which the loan is made, and (B) in the case of a grant for a period sufficient to accomplish the objectives for which the grant is made."

"(b) Section 502(b)(1) of such Act is amended by striking out 'and such additional security' and inserting in lieu thereof the words 'or such other security'."

On page 83, line 9, strike out "(b)" and insert in lieu thereof "(c)".

On page 83, line 12, strike out "(c)" and insert in lieu thereof "(d)".

Mr. FONG. Mr. President, these amendments are simple, innocuous, and noncontroversial. They propose to grant to lessee farmers the benefit of provisions of the law on farm housing loans—that is, farmers who are farming lands that are being leased.

At the present time farmer lessees do not come under the provisions of the farm housing act. Only owners in fee

simple are given that advantage. The Veterans' Administration has seen fit to guarantee loans to veteran lessees, and the Federal Housing Administration has seen fit to insure loans of lessees who apply for loans under the Federal Housing Act.

There are many farmer lessees in the United States, but I believe in Hawaii there are more farmer lessees than in all the other States of the Union, due to the fact that, historically, our land was owned by the King up to approximately 120 years ago. Since then the land has been divided, one-third to the King, one-third to the nobles, and one-third to the common people. As a result, there are many large landowners in the State of Hawaii, and leases to farmers are very common.

At the present time, under the farmers loan act, a farmer who has a lease, let us say, for 999 years, would not come under the provisions of this act. This amendment would put him in the same category as the owner of a farm.

The amendments are discretionary. So long as the Secretary of Agriculture is satisfied that the security will make the Government whole, he may lend the money. If the Secretary feels the security will not make the Government whole, he need not make the loan.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. FONG. I yield.

Mr. SPARKMAN. Mr. President, I have examined the amendments. I have discussed them with the distinguished Senator from Hawaii. I think, in view of the particular land title situation which prevails in Hawaii, the amendments are justified. So far as I am concerned, I am willing to accept the amendments.

Mr. FONG. I thank the distinguished Senator from Alabama. I ask that the amendments be agreed to.

Mr. SPARKMAN. Mr. President, I yield back my time.

The PRESIDING OFFICER. Does the Senator from Hawaii yield back his remaining time?

Mr. FONG. I do.

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from Hawaii.

The amendments were agreed to.

Mr. SPARKMAN. Mr. President, on behalf of myself and the Senator from New York [Mr. JAVITS], I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On the first page, after the title heading, it is proposed to insert a new section, as follows—

Mr. SPARKMAN. Mr. President, the amendment is rather lengthy. I ask unanimous consent that the reading of the amendment be dispensed with, and that the amendment be printed in the RECORD. I shall explain it.

Mr. DWORSHAK. Mr. President, I object. I insist that the amendment be read.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On the first page, after the title heading, insert a new section, as follows:

HOUSING FOR MODERATE INCOME FAMILIES

"SEC. 101. (a) Section 221 of the National Housing Act is amended by—

(1) inserting before the text of such section a section heading as follows: "HOUSING FOR MODERATE INCOME AND DISPLACED FAMILIES";

(2) striking out subsection (a) and inserting in lieu thereof the following:

"(a) This section is designed to assist private industry in providing housing for low and moderate income families and families displaced from urban renewal areas or as a result of governmental action.;"

(3) inserting in subsection (b) after "any mortgage" the following: "(including advances during construction on mortgages covering property of the character described in paragraphs (3) and (4) of subsection (d) of this section)";

(4) striking out clauses (A) and (B) in subsection (d) (2) and inserting in lieu thereof the following: "(A) not to exceed (i) \$9,000 in the case of a property upon which there is located a dwelling designed principally for a single-family residence, (ii) \$18,000 in the case of a property upon which there is located a dwelling designed principally for a two-family residence, (iii) \$27,000 in the case of a property upon which there is located a dwelling designed principally for a three-family residence, or (iv) \$33,000 in the case of a property upon which there is located a dwelling designed principally for a four-family residence: *Provided*, That the Commissioner may increase the foregoing amounts to not to exceed \$15,000, \$25,000, \$32,000, and \$38,000, respectively, in any geographical area where he finds that cost levels so require; and (B) in the case of new construction not to exceed such percentage of the appraised value of the property as provided in section 203(b) (2) with respect to property covered by a mortgage insured under section 203, and in the case of repair and rehabilitation the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation, except that in no case shall such mortgage exceed such estimated cost of repair and rehabilitation, and the amount, if any (as determined by the Commissioner), required to refinance existing indebtedness secured by any such property.;"

(5) striking out the first and third provisions in subsection (d) (2) and the colons preceding those provisions;

(6) striking out subsection (d) (3) and inserting in lieu thereof the following:

"(3) if executed by a mortgage which is a public body or agency, a cooperative (including an investor-sponsor who meets such requirements as the Commissioner may impose to assure that the consumer interest is protected), or a limited dividend corporation (as defined by the Commissioner), or a private nonprofit corporation or association regulated or supervised under Federal or State laws or by political subdivisions of States, or agencies thereof, or by the Commissioner under a regulatory agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such manner as in the opinion of the Commissioner will effectuate the purposes of this section, the mortgage may involve a principal obligation in an amount—

"(i) not to exceed \$12,500,000 ;

"(ii) not to exceed for such part of such property or project as may be attributable to dwelling use (excluding exterior land im-

provements as defined by the Commissioner), \$2,250 per room (or \$8,500 per family unit if the number of rooms in such property or project is less than four per family unit), except that the Commissioner may in his discretion increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,750 per room, and the dollar amount limitation of \$8,500 per family unit to not to exceed \$9,000 per family unit, as the case may be, to compensate for higher costs incident to the construction of elevator type structures of sound standards of construction and design, and except that the Commissioner may increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,000 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require; and

"(iii) not to exceed (1) in the case of new construction, the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner), or (2) in the case of repair and rehabilitation the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation: *Provided*, That in no case shall such mortgage exceed such estimated cost of repair and rehabilitation, and the amount, if any (as determined by the Commissioner), required to refinance existing indebtedness secured by the property or project: *Provided further*, That such property or project, when constructed, or repaired and rehabilitated, shall be for use as a rental or cooperative project, and low and moderate income families or families displaced by urban renewal or other governmental action shall be eligible for occupancy in accordance with such regulations and procedures as may be prescribed by the Commissioner and that the Commissioner may adopt such requirements as he determines to be desirable regarding consultation with local public officials where such consultation is appropriate by reason of the relationship of such project to projects under other local programs; or";

(7) striking out in subsection (d) (4) "which is not a nonprofit organization" and inserting in lieu thereof "other than a mortgage referred to in subsection (d) (3)";

(8) striking out subsection (d) (4) (ii) and inserting in lieu thereof the following:

"(ii) not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$2,250 per room (or \$8,500 per family unit if the number of rooms in such property or project is less than four per family unit), except that the Commissioner may in his discretion increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,750 per room, and the dollar amount limitation of \$8,500 per family unit to not to exceed \$9,000 per family unit, as the case may be, to compensate for higher costs incident to the construction of elevator type structures of sound standards of construction and design, and except that the Commissioner may increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,000 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require.;"

(9) striking out in subsection (d) (4) (iv) the language following "(iv)" and preceding "And provided further" and inserting in lieu thereof the following: "not exceed 90 per centum of the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation if the proceeds of the mortgage are to be used for the repair and rehabilitation of a property or project: *Provided*, That in no case shall such mortgage exceed such estimated cost of repair and rehabilitation, and the amount, if any (as determined by the Commissioner), required to refinance existing indebtedness secured by the property or project:";

(10) striking out in subsection (d) (5) "but not to exceed forty years from the date of insurance of the mortgage" and inserting in lieu thereof "but as to mortgages coming within the provisions of subsection (d) (2) not to exceed forty years from the date of beginning of amortization of the mortgage";

(11) inserting a colon and the following proviso before the period at the end of subsection (d): "*Provided*, That a mortgage insured under the provisions of subsection (d) (3) shall bear interest (exclusive of any premium charges for insurance and service charge, if any) at not less than the annual rate of interest determined, from time to time by the Secretary of the Treasury at the request of the Commissioner, by estimating the average market yield to maturity on all outstanding marketable obligations of the United States, and by adjusting such yield to the nearest one-eighth of 1 per centum";

(12) inserting the following at the end of subsection (f): "A property or project covered by a mortgage insured under the provisions of subsection (d) (3) or (d) (4) shall include five or more family units. The Commissioner is authorized to adopt such procedures and requirements as he determines are desirable to assure that the dwelling accommodations provided under this section are available to families displaced from urban renewal areas or as a result of governmental action. Notwithstanding any provision of this Act, the Commissioner, in order to assist further the provision of housing for low and moderate income families, in his discretion and under such conditions as he may prescribe, may insure a mortgage which meets the requirements of subsection (d) (3) of this section as in effect after the effective date of the Housing Act of 1961, with no premium charge, with a reduced premium charge, or with a premium charge for such period or periods during the time the insurance is in effect as the Commissioner may determine, and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to reimburse the Section 221 Housing Insurance Fund for any net losses in connection with such insurance. No mortgage shall be insured under subsection (d) (2) or (d) (4) of this section after July 1, 1963, except pursuant to a commitment to insure before that date, or except a mortgage covering property which the Commissioner finds will assist in the provision of housing for families displaced from urban renewal areas or as a result of governmental action.";

(13) redesignating paragraph (3) of subsection (g) as paragraph (4) and inserting after paragraph (2) of subsection (g) a new paragraph as follows:

"(3) as to mortgages meeting the requirements of this section, notwithstanding the provisions of paragraphs (1) and (2) of this subsection, the Commissioner may, in accordance with such regulations as he may prescribe, acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in debentures of a total amount equal to the unpaid principal

balance of the loan plus any accrued interest and any advances approved by the Commissioner and made previously by the mortgagee under the provisions of the mortgage, and after the acquisition of the mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan: *Provided*, That as to mortgages meeting the requirements of subsection (d) (3) of this section, notwithstanding the provisions of paragraphs (1) and (2) of this subsection, the Commissioner in his discretion may, in accordance with such regulations as he may prescribe, make payments pursuant to such paragraphs in accordance with the mortgage insurance contract in cash rather than debentures, or acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee of such total amount in cash rather than debentures, if so provided in the mortgage insurance contract. The appropriate provisions of sections 204 and 207 relating to the issuance of debentures shall apply with respect to debentures issued under this subsection, and the appropriate provisions of section 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this subsection, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages insured under this section (A) all references in section 204 to the Fund or Mutual Mortgage Insurance Fund shall be construed to refer to the Section 221 Housing Insurance Fund, (B) all references in section 204 to 'section 203' shall be construed to refer to this section, and (C) all references in section 207 to the Housing Insurance Fund, Fund, or Housing Fund shall be construed to refer to the Section 221 Housing Insurance Fund; or";

(14) striking out in paragraph (4) of subsection (g) (as redesignated by the preceding paragraph) the phrase "this paragraph (3)", each place it appears, and inserting in lieu thereof "this paragraph"; and

(15) inserting in the last sentence of subsection (h) after "cash adjustments," the following: "cash payments,".

(b) Section 101(c) of the Housing Act of 1949 is amended by—

(1) striking out "under section 220 or 221" and inserting in lieu thereof "under section 220 or section 221(d) (3)";

(2) striking out "of section 220(d), or under section 221 of the National Housing Act, as amended, if the mortgaged property is in an area described in clause (3) of section 221(a) of said Act, or in a community referred to in clause (2) (B) of said section" and inserting in lieu thereof "of section 220(d) of the National Housing Act"; and

(3) striking out clause (iii) and renumbering clause (iv) as clause (iii).

(c) Section 305 of the National Housing Act is amended by adding at the end thereof a new subsection as follows:

"(h) Notwithstanding clause (2) of section 302(b) and any provision of this Act which is inconsistent with this subsection, the Association is authorized (subject to Presidential action as provided in subsection (a), as limited by subsection (c)) to purchase pursuant to commitments or otherwise, and to service, sell, or otherwise deal in mortgages insured under the provisions of section 221(d) (3) of this Act."

(d) Section 223 of the National Housing Act is amended by redesignating subsection (b) as subsection (c), and by inserting after subsection (a) the following new subsection:

"(b) Notwithstanding any of the provisions of this title and without regard to limitations upon eligibility contained in section 221, the Commissioner may in his discretion insure under section 221(d) (3) any mortgage executed by a mortgagor of the character described therein where such mortgage is given to refinance a mortgage insured under this Act and covering an existing property or project (other than a one-to four-family structure) located in an urban renewal area, if the Commissioner finds that such insurance will facilitate the occupancy of dwelling units in the property or project by families of low or moderate income or families displaced from an urban renewal area or displaced as a result of governmental action."

Redesignate succeeding sections in title I accordingly.

Mr. SPARKMAN. Mr. President, I do not care to discuss the amendment at length.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. HOLLAND. Does not the Senator think that a proposal as sweeping as his amendment, which manifestly replaces or is designed to replace much of title 1, should be printed so that Senators might have an opportunity to see it and realize what changes are proposed to be made before the Senate is required to pass upon the amendment?

Mr. SPARKMAN. Under the circumstances, I do not see how such procedure could be followed. The leadership announced earlier today that it was the intention to complete consideration of the bill tonight. I have offered the amendment. Practically all the amendment is printed in the bill. I intended to explain the differences.

Mr. HOLLAND. Mr. President, will the Senator yield further?

Mr. SPARKMAN. Many amendments are offered which are not printed.

Mr. HOLLAND. Mr. President, will the Senator yield further?

Mr. SPARKMAN. I yield further.

Mr. HOLLAND. I have tried very hard to follow—

Mr. SPARKMAN. If the Senator will permit me, I should like to say that I intend to explain the amendment. The changes will not be difficult to describe. I assure the Senator that I will give him an accurate description of what the amendment provides.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. WILLIAMS of Delaware. Have we the assurance of the Senator from Alabama that his amendment is substantially in the same language as the language of the bill?

Mr. SPARKMAN. No, I will explain the differences. There are differences, and I will explain what they are.

Mr. GORE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I am willing to yield, but I do not wish to lose all my time by yielding. I yield.

Mr. GORE. The Senator from Alabama has said that the amendment appears partially printed in the bill. I know the Senator will give us an honest

interpretation of the amendment as he sees it. I have not had an opportunity to see the amendment. It is a very long one. I plead with the Senator, in the interest of correct and proper legislative procedure, the time now being 25 minutes to 11, that he ask the leadership to move for a recess until tomorrow, at which time all Senators will have an opportunity to examine the text of the amendment.

Mr. SPARKMAN. So far as I know, the amendment is the last amendment about which there is any controversy. I have one amendment to offer which I believe is noncontroversial. I have discussed it with the senior Senator from Indiana [Mr. CAPEHART], and he has agreed to it.

The amendment merely relates to a change with reference to the small business loans that are allowed for small businesses that are put out of business by reason of displacement because of urban renewal, and other governmental action. I believe we can finish consideration of the bill tonight. Since we have stayed here this long, I agree with the leadership that we should continue and finish.

I assure the Senator from Tennessee that the changes in the pending amendment are not difficult to describe. The language that was read is from the printed bill. There is very little insertion or change.

Mr. GORE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. GORE. As the Senator from Florida has said, it is very difficult to follow a reading of the amendment while following the bill and then come to a conclusion. I am not prepared to doubt the Senator, but from listening to a reading of the amendment, I assure the Senator that I shall have two amendments of far-reaching purport to his amendment. My amendments would not be intended to detain the Senate, but would be offered in the interest of orderly legislation. If the Senate wishes to continue through the night—and there would be sufficient time to consider the two amendments—the Senate can do so. But I understand that no business is scheduled for tomorrow. I plead with the Senator to speak to the leadership in the interest of orderly legislation.

Mr. SPARKMAN. If I had my way, the Senate would have adjourned at about 6 o'clock this evening until tomorrow. I for one will be in Washington on Friday. I am here every Friday. I do not mind working on Friday. I would have been glad to have a session of the Senate tomorrow. But the leadership announced earlier today that it was planned to finish consideration of the bill this evening. We have been proceeding. Of course, the decision is for the leadership to determine what we shall do. I am ready to continue with the amendment, and I would like to make a brief explanation of what it provides.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. BUSH. I am very much confused as to what the procedure will be. I also have an amendment that I have been waiting all night to offer, and unless I offer it as an amendment to the pending amendment, I shall not be able to offer it, because it must be a part of the amendment of the Senator from Alabama or else it will not fit.

Mr. SPARKMAN. Has the Senator from Connecticut consulted the Parliamentarian on that question?

Mr. BUSH. Yes.

Mr. SPARKMAN. I know what the Senator's amendment provides.

Mr. BUSH. My amendment would simply confine the benefits of the subsidized interest rates to families which would be displaced by urban renewal or other governmental activity.

Mr. SPARKMAN. Yes.

Mr. BUSH. I want an opportunity to offer the amendment to the amendment of the Senator from Alabama. I cannot do so because I have not seen his amendment, and I do not know how to fit my language into it. Perhaps the Senator can help me.

Mr. SPARKMAN. I will ask one of the members of the staff of the subcommittee to assist the Senator from Connecticut.

Mr. BUSH. If I receive a copy of the amendment, I can determine the point at which my amendment should come.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. HOLLAND. I have no question as to the desire of the Senator and his intention to describe his amendment as clearly as he can and in words which we can all understand, but in trying to follow the subject, I noticed there were dozens of changes from the printed text of title 1. Many of the changes may have been of no substance. I am inclined to think that such is the case. I sensed only two very great changes as I glanced through. But the reading was so cursory, and the new version is so much shorter than the original title 1, that I think no one could listen to a quick reading of the type that we heard and really know with certainty what is in the amendment.

I doubt if the Senator from Alabama has had an opportunity to study the changes, because he has been in the Chamber constantly, as we all know, during consideration of the bill. I would be perfectly happy to have him continue and explain the amendment, but I reserve the right to offer amendments to his amendment. I believe it is not in accordance with orderly procedure to offer an amendment of the scope of the present amendment without our having an opportunity to see it and familiarize ourselves with it. I do not believe the Senator from Alabama, under reversed circumstances, would be willing to have an amendment of such great length and substance considered without Senators having had an opportunity to see a copy of it up to the time it was read.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. SPARKMAN. Let me say this, and then I shall yield. First of all, the

circumstances under which I offered the amendment were not of my making. The amendment comes about by reason of the adoption of the Gore amendment earlier today. I am doing my best to salvage some of the wreckage caused by the adoption of that amendment.

The problem was discussed with the legislative counsel, and the amendment was drawn by an expert draftsman upon whom we rely all the time. I explained to him what I wanted to offer and he prepared the amendment. I had several discussions with him at my desk. I am willing to rely upon him, as we rely upon the office of the legislative counsel all the time concerning legislation that we are considering.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. CAPEHART. The able Senator has stated the situation. In other words, the amendment would more or less undo what the Gore amendment did. That is all there is to it, as I see it.

Mr. SPARKMAN. I would not say it is completely that.

Mr. CAPEHART. It is that, plus perhaps some other things.

Mr. SPARKMAN. There are some changes which I hope will be accepted as a satisfactory compromise.

Mr. CAPEHART. The problem we find ourselves confronting is that three amendments will be proposed to the pending amendment. The Senator from Tennessee tells us he has two amendments to offer. That means five amendments, on which undoubtedly there will be yea-and-nay votes. The question is, Why not recess until Monday, if a great many Senators will not be present tomorrow, and conclude deliberation on the bill on Monday?

Mr. SPARKMAN. I cannot answer that question, because I do not control the situation.

Mr. CAPEHART. Unless we can do that, I shall make a motion to table the amendment. I will not do so at the moment, but when I obtain the floor in my own right, I will make a motion to table the amendment, which I will have a right to do. That will cut off debate.

Mr. SPARKMAN. I assure the Senator that it is not my intention to debate the amendment at length. I did want the opportunity to give a brief, general explanation as to what the amendment proposes. I can give such an explanation, I believe, in a very short time, perhaps 2 or 3 minutes.

Mr. ERVIN. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. ERVIN. The Good Lord, when he made men who become Senators, gave them two ways in which to receive knowledge of the contents and meaning of legislation. One is through the ears, and the other is through the eyes. I think that when anything as long as this proposed amendment is presented to the Senate, Senators are entitled to have the use of the two faculties which the Good Lord gave them for the purpose of receiving information and examining the contents and the meaning of proposals upon which they are called to vote.

Therefore I appeal to the Senator from Alabama to join me in appealing to the majority leader and the minority leader to agree to let this matter go over until tomorrow, so we can have printed copies for use by our eyes, as well as our ears.

Mr. SPARKMAN. Of course, that speech was not properly directed to me, because I do not have control of the situation. Even if we should do that, I would still like to continue for a very few minutes to explain what the amendment proposes to do.

The amendment would do two things. It was suggested to me by Senators who voted for the Gore amendment that I offer this amendment. Senators have said to me, "We did not realize that we were striking out that part of the bill providing for the low interest program which I consider as a replacement for public housing, until it was too late. If you will offer an amendment to restore it, we will vote for it." Other Senators have come to me and stated, "If you will make a change in the sales program for moderate income families, we will support such an amendment."

I believe these suggestions were reasonable. I propose to reinstate the low interest rate housing program which is a replacement for public housing, and to have the language of the bill read exactly the way it was pertaining to that program before the Gore amendment.

With reference to the sales housing program a great deal of objection was made, and most of the opposition was on the ground that no downpayment was provided by the bill.

I have added to the amendment the same downpayment requirement that is applicable to the FHA section 203 program; that is 3 percent on the first \$13,500, and 10 percent on the remainder, up to \$15,000. We must remember that this provision of the bill limited the maximum mortgage under the proposed program to \$15,000. Under the amendment a downpayment of \$555 would be required on a single family sales unit.

The only thing this amendment does is to retain the same mortgage length that we have in the present section 221 program. That is 40 years. We already have the 40-year program in the FHA section 221 program. I propose that middle-income families be given 40 years during which to pay off a mortgage. It at least would make the monthly payment smaller and give people of moderate income an opportunity to buy good housing at a rate that they could afford to pay. However, the downpayment is exactly the same that the FHA man who buys a \$20,000 house, regardless of what his income may be, has to pay.

Certainly, we cannot ask for more, so far as terms are concerned.

Mr. GORE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. GORE. Is any downpayment required on the apartment house provision in the bill?

Mr. SPARKMAN. On the rental part?

Mr. GORE. Yes.

Mr. SPARKMAN. Mortgages on rental housing sponsored by nonprofit mortgages would be 100 percent insured.

Mr. GORE. For how long?

Mr. SPARKMAN. For 40 years.

Mr. GORE. Then the Senator has not changed that part.

Mr. SPARKMAN. Not on the apartments, no.

Mr. GORE. Mr. President, will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. GORE. Does the Senator know of any good reason why the Congress should embark upon a program of subsidizing interest rates for people who want to build apartment houses and not do it for people who want to build homes for their families?

Mr. SPARKMAN. The only part of the program that has any kind of subsidy in it is in what we call the below-the-market interest rate rental housing which, as I say, is a replacement for public housing. I have admitted all along that this is a form of subsidized housing, but subsidized only to the extent that the interest rate is $3\frac{1}{8}$ percent instead of $5\frac{1}{4}$ percent, as it would be under other formulas.

Mr. GORE. Mr. President, will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. GORE. This is an extremely far-reaching and, I think, unwise provision. It will be necessary for me to offer an amendment in order to obtain time to discuss this particular provision. I shall not ask the Senator from Alabama to yield further from his time, but shall seek time in my own right. I thank the Senator very much.

Mr. SPARKMAN. That is the situation that we debated this afternoon. I see no reason for debating it at length. I have been trying for a long time to find a substitute for public housing. This program was recommended by both President Eisenhower and President Kennedy as a means of doing that. It does involve a form of subsidy, but only regarding the interest rate, which is certainly a much smaller subsidy than that in the present public housing program. We have provided in the bill for a phasing out of the public housing program as we have known it in the past. I believe it is a good substitute. It is one that we ought to support. As I said today, this is the only part of the bill that offers decent, safe, and sanitary housing for people of lower incomes. If we strike it out, we are making ample provision for people with higher incomes who can afford better houses, but we are denying to people of lower incomes an opportunity to share in good housing.

Mr. BUSH. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. BUSH. The Senator says his proposal is a substitute for public housing; yet a few hours ago the Senator made an eloquent appeal for an additional 100,000 units of public housing.

Mr. SPARKMAN. No. If the Senator had been listening carefully, he would have heard me say that it was a replacement for public housing, which we are phasing out under the bill. That is exactly what we are doing. As I explained today, it may not be as much

as 100,000 units. It probably will be around 75,000 units. Be that as it may, that is what is left in the 1949 program. The purpose of the bill is to phase out that part and to try to find some other plan for low-income housing which would be less costly to the Government and more satisfactory to the people and which they can afford.

I think this is the best plan we have developed. It ought to be adopted.

Mr. CAPEHART. Mr. President, since it is now almost 11 o'clock, I think the best way to proceed is to move to table the amendment! If the motion prevails, we are through, and we can vote on the bill. If the motion to table does not prevail, then I have two amendments to the pending amendment, and the able Senator from Tennessee has a couple of amendments.

I see no necessity for voting on these five amendments. I think we could have a test vote on the question by a motion to table. If the motion to table is agreed to, that means the bill will be accepted as we wrote it today, meaning that we would accept the Gore amendment and other amendments, and then the committee bill as amended.

Therefore, I move that the amendment offered by the Senator from Alabama be tabled. On this question, I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays will not be in order, except by unanimous consent, until all time has been yielded back.

Mr. CAPEHART. I yield back the remainder of my time.

Mr. SPARKMAN. I yield back the rest of my time.

The PRESIDING OFFICER. All time has been yielded back. The clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Minnesota [Mr. McCARTHY], the Senator from Montana [Mr. METCALF], and the Senator from Oregon [Mrs. NEUBERGER] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY] is necessarily absent.

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Arizona [Mr. GOLDWATER]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from Arizona would vote "yea."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from New Hampshire [Mr. BRIDGES]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from New Hampshire would vote "yea."

On this vote, the Senator from Minnesota [Mr. McCARTHY] is paired with the Senator from Kentucky [Mr. MORTON]. If present and voting, the Senator from Minnesota would vote "nay," and the Senator from Kentucky would vote "yea."

On this vote, the Senator from Montana [Mr. METCALF] is paired with the Senator from Vermont [Mr. AIKEN]. If present and voting, the Senator from Montana would vote "nay," and the Senator from Vermont would vote "yea."

On this vote, the Senator from Oregon [Mrs. NEUBERGER] is paired with the Senator from Colorado [Mr. ALLOTT]. If present and voting, the Senator from Oregon would vote "nay," and the Senator from Colorado would vote "yea."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES], is absent on official business.

I also announce that the Senator from Vermont [Mr. AIKEN], the Senator from Colorado [Mr. ALLOTT], the Senator from Kentucky [Mr. MORTON], and the Senator from Massachusetts [Mr. SALTONSTALL] are detained on official business.

I further announce that the Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

On this vote, the Senator from Vermont [Mr. AIKEN] is paired with the Senator from Montana [Mr. METCALF]. If present and voting, the Senator from Vermont would vote "yea," and the Senator from Montana would vote "nay."

On this vote, the Senator from Colorado [Mr. ALLOTT] is paired with the Senator from Oregon [Mrs. NEUBERGER]. If present and voting, the Senator from Colorado would vote "yea," and the Senator from Oregon would vote "nay."

On this vote, the Senator from Kentucky [Mr. MORTON] is paired with the Senator from Minnesota [Mr. MCCARTHY]. If present and voting, the Senator from Kentucky would vote "yea," and the Senator from Minnesota would vote "nay."

On this vote, the Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from New Hampshire would vote "yea," and the Senator from New Mexico would vote "nay." If present and voting, the Senator from Massachusetts [Mr. SALTONSTALL] would vote "yea."

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from New Mexico [Mr. ANDERSON]. If present and voting, the Senator from Arizona would vote "yea," and the Senator from New Mexico would vote "nay."

The result was announced—yeas 42, nays 46, as follows:

NOT VOTING—12

YEAS—42

Beall	Ellender	Mundt
Bennett	Ervin	Prouty
Bush	Gore	Robertson
Butler	Hickenlooper	Russell
Byrd, Va.	Holland	Schoeppel
Capehart	Hruska	Scott
Carlson	Jordan	Smathers
Case, S. Dak.	Keating	Smith, Maine
Cooper	Kerr	Stennis
Cotton	Kuchel	Talmadge
Curtis	Lausche	Thurmond
Dirksen	McClellan	Wiley
Dworshak	Miller	Williams, Del.
Eastland	Monroney	Young, N. Dak.

NAYS—46

Bartlett	Carroll	Engle
Bible	Case, N.J.	Fong
Boggs	Church	Fulbright
Burdick	Clark	Gruening
Byrd, W. Va.	Dodd	Hart
Cannon	Douglas	Hartke

Hayden	Long, La.
Hickey	Magnuson
Hill	Mansfield
Humphrey	McGee
Jackson	McNamara
Javits	Morse
Johnston	Moss
Kefauver	Muskie
Long, Mo.	Pastore
Long, Hawaii	Pell

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Aiken	Bridges	Metcalf
Allott	Chavez	Morton
Anderson	Goldwater	Neuberger
Blakley	McCarthy	Saltonstall

So Mr. CAPEHART's motion to lay the Sparkman amendment on the table was rejected.

The PRESIDING OFFICER. The question now is on agreeing to the amendment of the Senator from Alabama [Mr. SPARKMAN].

Mr. BUSH. Mr. President—

The PRESIDING OFFICER. No further debate on the amendment is in order, for both sides have yielded back the remainder of the time available to them.

Mr. BUSH. Mr. President, to the pending amendment of the Senator from Alabama, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

Mr. BUSH. Mr. President, I ask unanimous consent that my amendment to the SPARKMAN amendment be printed at this point in the RECORD, but not be read at this time.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The amendment offered by Mr. BUSH to Mr. SPARKMAN's amendment is as follows:

In the amendment made by paragraph (6) of section 101 strike out "low and moderate income families or".

In the amendment made by paragraph (12) of section 101 strike out "low and moderate income families" and insert in lieu thereof "families displaced from urban renewal areas or as a result of Government action".

In the amendment made by paragraph (12) of section 101 strike out "No" and insert in lieu thereof the following: "No mortgage shall be insured under subsection (d) (3) of this section unless it is a mortgage covering property which the Commissioner finds will assist in the provision of housing for families displaced from urban renewal areas or as a result of governmental action, and no".

Mr. BUSH. Mr. President, I can explain this proposal in 1 minute; and, for that purpose, I yield myself 3 minutes. [Laughter.]

Part I of the bill relates to housing for displaced families and moderate-income families. There are three parts to part I. They provide for the market rate for sales housing, the market rate for rental housing, and the below-market rate—the so-called subsidized rate, the 3½-percent rate—for rental housing for displaced families or families of so-called moderate income.

As I have said, the first two parts deal with sales housing and rental housing programs, on which the mortgage interest rates are supposed to be the market rates—that is to say, the rates which pri-

vate capital would find attractive. Hence, this would avoid the necessity of FNMA financing. The mortgages would sell in the open market at going rates. The maximum rate under the bill is set at 5 percent; but the Commissioner has discretion to go to 6 percent, if necessary, to find markets.

However, the third part is for the so-called rental housing program at a subsidized rate of 3½ percent, which FNMA would presumably underwrite.

All have proclaimed—no one has protested against it—the fact that FNMA would have to buy all the mortgages which were insured at the 3½-percent rate.

My amendment to the Sparkman amendment is directed at the below-market-rate part of this program. It would confine the benefit of the subsidized interest rate to families displaced by urban renewal or other governmental activities. That is the purpose of my amendment to the Sparkman amendment; namely, to confine it simply to families which have been displaced by governmental action, through urban renewal action or through highways going through the property, whatever it was; if governmental action caused the displacement, the subsidized rate would be available to the persons so displaced; and my amendment to the Sparkman amendment would confine it entirely to them. That is the whole purpose of my amendment to the Sparkman amendment.

When the Government is responsible for removing families, for taking their property against their will—and frequently it is taken against their will—the Government has some responsibility, and the subsidized, submarket rate may be justified.

But I see no justification for it beyond that; and the purpose of my amendment to the Sparkman amendment is to confine it strictly to families displaced by urban renewal projects or other governmental action.

Mr. SPARKMAN. Mr. President, I shall be very brief. I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Alabama is recognized for 5 minutes.

Mr. SPARKMAN. Mr. President, the amendment of the Senator from Connecticut [Mr. BUSH] to my amendment would limit this type of housing to low-income people only.

It is to be remembered that there are two different types of this housing. One is the below-market interest rate. That is the housing to which I referred as being a replacement for public housing.

There is another type of housing; namely, that which pays the standard FHA rate. Although the law provides 5 percent to 6 percent, we know that the present FHA rate is 5¼ percent; and that is what this housing would carry.

I do not see why we should restrict that type of housing, as to which the regular FHA rates are paid, to displaced persons. A great many persons would be able to afford this type of housing if it were spread out over the term for which this provides, and people in the

low income and moderate income brackets—

Mr. BUSH. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. BUSH. My amendment applies only to the below-market-rate section of the bill. It does not apply to the rental housing or the sales housing.

Mr. SPARKMAN. The Senator from Connecticut brought into the debate the 5 percent to 6 percent interest rate, and that is the above-market interest rate. So I thought the Senator from Connecticut was referring to the two types.

Mr. BUSH. No. My amendment does not relate to the first two parts of the bill, which are those for the sales housing and the rental housing programs, for which the rates are supposed to be the going market rates. The amendment does not relate to them; it relates only to part 3 of title I.

Mr. SPARKMAN. If that is what the Senator from Connecticut seeks to do, the amendment would restrict it to displaced families.

Mr. BUSH. That is correct.

Mr. SPARKMAN. Whereas, as I have stated here repeatedly, we want it as a replacement for public housing, so that families of low income who cannot afford to pay an economic rent may be able to enjoy decent housing. The Senator's amendment to my amendment would destroy the very thing we are trying to do. The present section 221 program is for the purpose of taking care of displaced persons; and it could be used for this purpose.

What we are trying to do is to provide something that will serve to give decent shelter to people who are not able to pay economic rents, without having the extremely high subsidy rates which the program of public housing requires.

Mr. President, I see no need to discuss the matter further. I am willing to yield back the remainder of the time available to me, and to have the Senate proceed to vote.

Mr. BUSH. Mr. President, on the question of agreeing to my amendment to the Sparkman amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. SPARKMAN. Mr. President, I shall yield back the remainder of the time available to me, if the Senator from Connecticut will do likewise.

Mr. CAPEHART. Mr. President, will the Senator from Connecticut yield some time to me?

Mr. BUSH. I yield 2 minutes to the Senator from Indiana.

The PRESIDING OFFICER. The Senator from Indiana is recognized for 2 minutes.

Mr. CAPEHART. Is it not a fact that we are providing that any house which sells for not to exceed \$15,000 shall be given these subsidized, low-interest rates? Is that correct?

Mr. SPARKMAN. I am not sure I understand the Senator's question.

Mr. CAPEHART. Are not we saying, in substance, that one can purchase on the new terms a house which will cost not to exceed \$15,000?

Mr. SPARKMAN. Let us be careful, and not confuse rental housing with

sales housing. This provision does not deal with sales housing; it deals with rental housing.

Mr. CAPEHART. But my point is that a house of a value up to \$15,000 is covered in the amendment by the low interest rate and the 40-year, no-down-payment terms. Is that correct?

Mr. SPARKMAN. That is correct; but the amendment of the Senator from Connecticut does not go that far. It affects only the below-the-market interest rate rental housing program.

Mr. BUSH. Below the market rate.

Mr. SPARKMAN. Below-the-market rate on rental housing.

Mr. BUSH. That is correct.

Mr. CAPEHART. And the amendment would be to eliminate the below-market interest rate?

Mr. SPARKMAN. No; it would restrict the occupancy of those houses to people who are displaced by reason of governmental action.

Mr. CAPEHART. And give them below-market interest rates.

Mr. SPARKMAN. My contention is that the 221 program already provides for displaced persons. What we are trying to do is provide replacement for public housing.

Mr. CAPEHART. My next question is, What does the amendment of the Senator from Alabama do?

Mr. SPARKMAN. My amendment, as I explained a while ago, does two things. First of all, it seeks to reinstate the below-market rate rental program.

Mr. CAPEHART. To which person?

Mr. SPARKMAN. On rental housing, to people who are not able to pay an economic rent.

Mr. CAPEHART. Who is to build the housing?

Mr. SPARKMAN. It is to be built by private enterprise.

Mr. CAPEHART. But private housing is to get below-market interest rates subsidized?

Mr. SPARKMAN. So that easy monthly terms, on a nonprofit basis, can be available.

Mr. CAPEHART. There is nothing in the bill that specifies the rent; is there?

Mr. SPARKMAN. I submit the Commissioner is given the right to control rents. That provision is in the present law, to which this proposal is an amendment.

Mr. CAPEHART. What is it we are trying to do that we have not been doing under the old public housing law?

Mr. SPARKMAN. The old public housing law said, in effect, to the cities, "First of all, we will help you dispose of your funds. We will more or less underwrite the disposition of your bonds. Second, you collect what rent these people are able to pay, and what that lacks in measuring up to an economic rent, we will subsidize."

Mr. CAPEHART. How is the Senator subsidizing under his amendment?

Mr. SPARKMAN. Simply by letting the low interest rate be in effect, which may be as low as 3½ percent.

Mr. CAPEHART. That means the Federal Government will be lending money directly out of the Treasury on all construction, under the Senator's amendment.

Mr. SPARKMAN. No. If the money cannot be obtained on the open market, FNMA takes the mortgage.

Mr. CAPEHART. That is the Government. An interest rate of 3½ percent is not going to be taken when an interest rate of from 5¼ up to 5¾ percent can be obtained on regular FHA loans. Is it not a fact that, as a practical matter, the Federal Government will be lending money to build the houses we are talking about?

Mr. SPARKMAN. I am not at all certain that is true. This will be special assistance, and the Federal National Mortgage Association will have the funds with which to back up the mortgages.

Mr. CAPEHART. Then the only subsidization is in the interest rates, with the long term?

Mr. BUSH. Mr. President, I could hardly agree that the only subsidy is in the low interest rate. It is also in the fact that the mortgage is assumed by the Federal Government.

Mr. SPARKMAN. If that is true, it could be said that all our housing programs are in essence subsidized, but we do not talk about that. I never hear that said with reference to the regular FHA program, and yet FNMA was created for the purpose of establishing a secondary market, and often a primary market, for the mortgages.

Mr. BUSH. It has become the depository of \$7 billion worth of mortgages.

Mr. ERVIN. Mr. President, will the Senator yield for a question?

Mr. SPARKMAN. I yield.

Mr. ERVIN. What is there in the Senator's amendment which would make certain that the builder of the rental housing would pass the saving on interest rates to the occupants?

Mr. SPARKMAN. In the law as it exists now, the Commissioner has the authority to control rents, and he does control rents.

Mr. ERVIN. Is not this the way the amendment would work: The builder of the rental housing would, in effect, be subsidized by the taxpayers on the interest rate for 40 years, and the occupant, the person who rented, would pay rent for 40 years, and at the end of 40 years the owner would still own the house in fee simple, and the person who paid the rent for 40 years would have nothing but rent receipts?

Mr. SPARKMAN. That is true of anyone who pays rent; he has nothing but rent receipts.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MONRONEY. Several years ago there were some major scandals under title 9 of the Housing Act when builders inflated their costs on apartment-type buildings.

Can a builder with a site put the site in at what he thinks it is worth, build the property himself, and then receive a 100-percent mortgage, and completely mortgage out on this operation?

Mr. SPARKMAN. That was true under the 608 program. The Senator referred to title 9. I think he had reference to the 608 program. We have written into the bill that, under no con-

dition, can the builder mortgage the house for more than the cost of the building.

Mr. MONRONEY. How does one know what the cost of the building is?

Mr. SPARKMAN. The builder must certify the cost.

Mr. MONRONEY. Suppose the builder bought the land 5 or 10 years ago. Who is to determine the cost?

Mr. SPARKMAN. The Senator knows that is always a problem. It would be something for determination as between the builder and the housing agency—exactly as is the case now.

Mr. MONRONEY. This is a 100-percent mortgage.

Mr. SPARKMAN. There are several 100-percent mortgage programs already on the books.

Mr. MONRONEY. For elderly housing or eleemosynary housing, yes.

Mr. SPARKMAN. There are 100-percent mortgages on many different types of houses.

Mr. MONRONEY. On what types?

Mr. SPARKMAN. On section 213 types.

Mr. MONRONEY. Loans under this provision could run to \$1 million, \$500,000, or \$10 million.

Mr. SPARKMAN. Yes.

Mr. MONRONEY. I wonder what safeguards there are, with 100-percent mortgages and subsidized interest rates of 3½ percent, picked up entirely by the Federal Government, but with no controls. What security is there behind the 100-percent mortgage that we are subsidizing on a 40-year payout, at an interest rate of 3½ percent?

Mr. SPARKMAN. We have provided that there cannot be a borrowing of more than the cost. We adopted the amendment of the Senator from Virginia, which positively requires the keeping of records and making those records available to the General Accounting Office.

Mr. MONRONEY. Is a builder's or supervisory or contracting profit allowed? Is the cost the cost of bricks, mortar, land, tin, and gravel, or is there a profit, and if so, how much, on the 100-percent mortgage, subsidized low interest rate?

Mr. SPARKMAN. Under the program, this building is to be done by non-profit organizations.

Mr. MONRONEY. But there is no control over the salaries to be paid to presidents, vice presidents, secretaries, and treasurers of those organizations.

Mr. SPARKMAN. The Senator knows it is subject to approval by the housing agency.

As I said a few minutes ago, overall review of this program is the responsibility of the General Accounting Office. I do not see how we can go further than that.

Mr. MONRONEY. We have seen the military committees of both Houses cancel out Capehart housing, which was subject to military and governmental inspection. I know of no inspection which would be as severe as that, yet when we open up the 100-percent mortgage with the 3½-percent interest which is to be allowed, I do not see what safeguards are to be provided.

Mr. SPARKMAN. Will the Senator refer back—

Mr. MONRONEY. These projects will be from \$1 million to \$10 million in cost.

Mr. SPARKMAN. Let me say to the Senator from Oklahoma that following the section 608 disclosures, Congress wrote into the law in 1954 the cost certification requirements. We have had those ever since. We wrote into the pending bill a further stipulation that it would be necessary to keep records, that the records must be available for the General Accounting Office.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from Virginia.

Mr. ROBERTSON. The Gore amendment struck out all of title I.

Mr. SPARKMAN. The Senator is correct.

Mr. ROBERTSON. The Senator would put back in the bill all of title I except, in regard to the sales section, to provide for an FHA 3-percent mortgage.

Mr. SPARKMAN. Three percent, up to the limit.

Mr. ROBERTSON. That is all the Senator's amendment would do?

Mr. SPARKMAN. That is correct.

Mr. ROBERTSON. It provides for 3 percent?

Mr. SPARKMAN. To be accurate, there is a limit.

Mr. ROBERTSON. There was a technical amendment. The amendment was to another section, which was the no-downpayment section. The Senator took that out, and made the downpayment the FHA provision.

Mr. SPARKMAN. The regular FHA schedule.

Mr. ROBERTSON. That is correct; there was a technical change.

Mr. SPARKMAN. It is 3 percent up to \$13,500.

Mr. ROBERTSON. The Senator from Connecticut has referred to rental housing which, under the present law, would have the 5¼-percent rate. The Senator would drop it as low as 3½ percent, but that would be restricted to those people who have been forcibly moved.

Mr. SPARKMAN. That is correct. That is the purpose of the amendment. I say it would not serve its purpose if it were restricted to that group, a group already protected by the regular 221 program.

Mr. MONRONEY. Would the Senator give me the answer to my question as to the percentage of management profit?

Mr. SPARKMAN. There is no profit. It would be a nonprofit organization.

Mr. MONRONEY. Does the Senator mean the builder would receive nothing for his skill or for his management? That sounds quite contrary to general building practice.

Mr. SPARKMAN. Certainly the individual would be paid. So far as the overall profit for the corporation is concerned, there would be none.

Mr. MONRONEY. I know. The corporation would take over the completed structure after the contractor built it. I should like to know what the builder's

profit would be, under the 100-percent mortgage with the subsidized interest rate. I think the Senate is entitled to know that.

Mr. SPARKMAN. It would be exactly what is allowed in housing today.

Mr. MONRONEY. What is that?

Mr. SPARKMAN. It has been the same since 1954, when the cost-certification requirement was written into the law.

Mr. MONRONEY. What is that?

Mr. SPARKMAN. I cannot give it offhand. I shall be glad to supply the Senator with a memorandum which will explain the requirement.

Mr. MONRONEY. Am I correct in understanding that it is approximately 10 percent?

Mr. SPARKMAN. At one time it was a flat 10 percent. I am sorry I cannot give that information exactly because I am not sure what the current allowance is.

Mr. MONRONEY. I am seeking information for the Senate. I think it is important.

The projects, in practice, will be originated by a contractor, who will secure a site. He will negotiate with an eleemosynary group or a charitable group, to which he will say, "I will build you a million-dollar apartment. You can rent it. I will furnish the apartment in a 'turnkey' job."

The builder is covered with a 100-percent mortgage. When he turns the project over and it is accepted, the builder will receive 10 percent of a million dollars, perhaps. I ask, What is the builder's profit—the profit for the man who originates the project, who sponsors it and puts it together into a cooperative or whatever it is called? What is the builder's profit? Will it be 10 percent on a million dollars?

Mr. SPARKMAN. If I can find the formula, I shall give it to the Senator, if he will allow me a minute to find it in the law.

Mr. MONRONEY. It is stated in the law?

Mr. SPARKMAN. It is stated in the law, and has been since 1954.

Mr. MONRONEY. This would open the door with 100-percent Government insurance and 3½-percent interest.

Mr. SPARKMAN. There has not been any difficulty in the other programs. Why should there be for this program?

Mr. MONRONEY. The other programs have not been so liberal. There has not been a profit of 10 percent on million-dollar apartments, with 3½-percent interest. That is why we will have trouble.

Mr. BUSH. Mr. President, I should like to make one or two additional remarks.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. BUSH. This all started with the people who were being displaced by Government action to make way for urban renewal projects or highway projects. One of the great problems the cities have had is finding substitute housing for such people. This has been one of the great handicaps of the urban renewal program from its inception. It is today.

From what I have learned from the hearings on the Housing Subcommittee, that was the real purpose of the proposal, at the outset, at least; to try to make arrangements for people actually forced from their homes by Government action in some reasonable way at a subsidized rate, as a compensation to them for having lost their homes. That was the original purpose. Now it has been expanded to apply to all moderate income families.

Mr. President, there is no definition in the bill as to what is a moderate income family. So far as I can tell, the subsidized rate will therefore become available to anyone who applies for it.

Mr. GORE. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. GORE. Because of this very fact this cannot be and is not supposed to be a substitute for public housing. Public housing is for the low-income group, is it not?

Mr. BUSH. I believe the Senator is correct. The provision can be taken advantage of by anybody, because there is no definition of a moderate-income family.

Mr. GORE. Mr. President, will the Senator yield further?

Mr. BUSH. I yield.

Mr. GORE. Lest the Senate understand this to refer to a nonprofit transaction, I ask Senators to turn to page 97 of the committee report, where they will find that the loans can be made to nonprofit organizations, but also to limited dividend corporations. The report does not say what the limit is. It could be 25 percent a year.

Mr. BUSH. That is correct.

Mr. GORE. For such cooperatives.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. BUSH. I shall be glad to yield if the Senator from Pennsylvania will give us a definition of a limited dividend corporation.

Mr. CLARK. I was about to say that under the laws, certainly of New York and a number of other States, the term "limited dividend corporation" is a term of art. What the dividend will be is written into the law and it is usually no more than 6 percent. It would be impossible to have a 25-percent profit. That is out of the question.

Mr. GORE. Mr. President, will the Senator yield further?

Mr. BUSH. I yield to the Senator from Tennessee.

Mr. GORE. We are not writing legislation for the State of New York. This is to be a law for the U.S. Government. I know of no instance in which these terms are defined.

The language is not restricted to nonprofit corporations. Indeed, it is specifically spelled out that there can be a profit organization. Furthermore, the 40-year guarantee, at 100 percent, is one subsidy, and then we are asked to subsidize the interest rate, also.

Mr. BUSH. The Senator is correct.

Mr. GORE. This means there will be a much more rapid payout than for a homeowner's loan of 40 years.

Mr. BUSH. That is correct.

Mr. GORE. I ask for no more time.

Mr. BUSH. The Senator has made the very point I wished to make about the limited dividend corporation. I am not sure what that is, but certainly it is a corporation which is going to pay dividends.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. BUSH. I yield to the Senator from Ohio.

Mr. LAUSCHE. We have received the definition of what is a limited dividend corporation. What, under the law, is the definition of a "moderate income family?"

Mr. BUSH. Mr. President, I have said, and I say again, that there is no definition in the bill of a "moderate-income family."

Mr. LAUSCHE. What does the term mean?

Mr. BUSH. It is a wide-open term, upon which anyone may put whatever interpretation he wishes.

Mr. LAUSCHE. I ask the Senator from Alabama if it is a fact that in the bill there is no definition of a "moderate-income family."

Mr. BUSH. In the Javits amendment, which I cosponsored, there was a definition. The amendment was defeated. There is no definition in the bill of "moderate-income family," so no one could tell what such a family would be. Presumably it is a family whose income is sufficiently high so that it would not qualify for public housing admissions. I understand that is at least a partial definition of "moderate-income family," but beyond that definition there is none, and even that definition is not in the bill.

Mr. LAUSCHE. Upon what ground is the judgment of the Senator from Connecticut formed that the term presumably covers those who are not eligible for public housing?

Mr. BUSH. I get it only from discussions in the Committee on Banking and Currency. But the term is not defined in the bill.

Mr. LAUSCHE. It is not in the bill?

Mr. BUSH. No.

Mr. LAUSCHE. I ask the Senator from Alabama whether there is any definition in the bill of a "moderate income family."

Mr. SPARKMAN. Mr. President, will the Senator yield for the purpose of answering the question?

Mr. BUSH. I yield for that purpose.

Mr. SPARKMAN. I believe the Senator from Ohio recognizes the fact that we cannot spell out every term in the bill. At the committee hearings we asked the Commissioner about that subject, and there was considerable discussion. It was stated that regulations would be written by the Commissioner which would determine those who would be covered. For example, there was a time when we wrote out definitely in the law the standard for occupancy of public housing. The ratio was 5-to-1, I believe. That ratio was found to be lacking in flexibility to the extent that it was not workable, and Congress repealed it. For example, what is applicable to a man and his wife—merely

a couple—would not be applicable perhaps to a man and his wife and a half dozen children. Standards would vary according to circumstances. We felt that instead of trying to spell out such details in the law, as one time we did try to do, we would leave out the definition and let the Commissioner write the regulations as he said he would do.

Mr. HOLLAND. Mr. President, will the Senator yield for a question?

Mr. BUSH. Mr. President, I believe I have the floor. I will reserve the remainder of my time.

Mr. HOLLAND. Mr. President, will the Senator yield for a question?

Mr. BUSH. I yield to the Senator from Florida.

Mr. HOLLAND. Of course, we do not have a copy of the pending amendment, but we have the report of the committee. On page 97 appear the various groups which are qualified to participate in the program at below market rates. They are stated to be "nonprofit organizations, limited dividend corporations, public bodies or agencies, or cooperatives."

Does the last term, "cooperatives," mean a group of families that were held to be moderate income families under whatever regulation may be issued, that would have the right to form a corporation and to borrow money at the limited interest rate of $3\frac{1}{8}$ percent?

Mr. BUSH. I presume so.

Mr. HOLLAND. Each of the families would own one of the apartments in the cooperative apartment?

Mr. BUSH. Yes; the bill would permit that procedure.

Mr. HOLLAND. The saving below the regular commercial rate to those families would be the difference between $3\frac{1}{8}$ percent and $5\frac{1}{4}$ percent?

Mr. BUSH. As of today.

Mr. HOLLAND. Or $2\frac{1}{8}$ percent per year?

Mr. BUSH. The Senator is correct.

Mr. HOLLAND. For 40 years that difference would continue to pile up?

Mr. BUSH. Assuming that the $5\frac{1}{4}$ percent would last for 40 years, the differential would be as the Senator from Florida stated.

Mr. HOLLAND. That situation would continue regardless of whether the family continued to be a moderate-income family?

Mr. BUSH. I believe that is correct. The question illustrates one of the ridiculous features of the pending measure, and is the reason I asked to amend the bill. My amendment would come to grips with that problem by merely directing the provision of the bill to those who were displaced by Government action.

Mr. President, I believe I have explained my amendment, and I am ready to vote.

Mr. CLARK. Mr. President, will the Senator from Alabama yield me 2 minutes?

Mr. SPARKMAN. I yield the Senator from Pennsylvania 2 minutes.

Mr. CLARK. I believe it is very important to understand what we are talking about. I wish to make two points. If Senators will turn to page 4 of the

committee report, they will see all the definition that anyone would need to have with respect to a moderate-income family, so that we can know exactly what we are talking about. I read the definition:

The largest unfilled demand in the housing market is that of moderate-income families. The most recent figures on this subject show that there are some 11.2 million families with incomes between \$4,000 and \$6,000. This means that one out of every four families in the United States falls in this category, which is an indication of the importance of this group in the housing market.

A definition of "the moderate-income family" is laid right out in the record. The term applies to families who have incomes between \$4,000 and \$6,000 a year. Let us not deceive ourselves. Those are the people we are talking about. Every member of the committee knows it, and everyone in the FHA knows it. Those are the people we are talking about. We did not put the definition in the bill because we did not want to restrict the Administrator. He might wish to go up to \$6,500 or \$7,000; or he might wish to go down to \$3,500. The people we are talking about are 11 million families who cannot obtain decent rental or sales housing.

In respect to point 2, on page 97 of the report, which the Senator from Florida has quoted, it is stated:

(1) Eligible mortgagors participating in the program bearing interest at "below market rate" must be nonprofit organizations, limited dividend corporations—

Let us not deceive ourselves. That term is defined by every State in the country that has a limited dividend corporation law, and it is nothing more than a 6-percent profit—

public bodies, agencies, or cooperatives.

These are not people who are in the business to make a "fast buck." These are not people who are in the business to make a fast profit. These are people whom we hope will build the kind of house which will be a pretty good substitute for public housing if the plan works. All I say is that this is the thing we are talking about. Let us not tell ourselves that we are talking about anything else.

Mr. SPARKMAN. Mr. President, I yield 2 minutes to the Senator from New York.

Mr. JAVITS. Mr. President, it is an imposition upon Senators to detain them at this hour, but this question is important. This is about the only opportunity I have seen in years for a large group of families in the country to get anywhere. If we are to do what the Senator from Connecticut chooses to do with respect to the bill, we can forget about its having any effect whatever upon moderate income families. The only hope for moderate income families is a low interest rate. We have a part of that plan in New York. The Senate did not see fit to accept my amendment. I think perhaps the Senate may be a little sorry tonight that it did not do so, because it was a much more practical scheme than anything we are fooling with now. But be that as it may, the bill still preserves

the only principle upon which we can operate with respect to a moderate income family—a low interest rate.

I see very little opportunity for doing anything else except exactly what the Senator from Alabama proposes, and I think undoubtedly it will be refined in conference. What I have to say goes for every Senator who comes from a State with a heavy concentration of population. We are really almost duty-bound to those families, for whom nothing has been done in housing legislation for years, to seize this one opportunity to do something for them. I very much hope that all the amendments will be voted down and that the main point will be voted up. That is the only way I can see to get on with the central point which must be established.

Mr. SPARKMAN. Mr. President, I am happy to yield back the remainder of my time.

Mr. BUSH. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Connecticut. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. AIKEN (when his name was called). On this vote I have a pair with the junior Senator from Montana [Mr. METCALF]. If he were present and voting he would vote "yea." If I were at liberty to vote I would vote "nay." I withhold my vote.

The rollcall was concluded.

Mr. MORTON (after having voted in the affirmative). On this vote I have voted "yea." I have a pair with the Senator from Minnesota [Mr. McCARTHY]. However I have transferred that pair to the Senator from Arizona [Mr. GOLDWATER]. I still vote "yea."

Mr. AIKEN (after having announced a pair with the junior Senator from Montana [Mr. METCALF]). Mr. President, the junior Senator from Montana having arrived in the Chamber, I cancel the pair that I announced with him. I therefore vote on the amendment, and this time I vote "yea."

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Minnesota [Mr. McCARTHY], and the Senator from Oregon [Mrs. NEUBERGER], are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ], is absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY], is necessarily absent.

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Nebraska [Mr. HRUSKA]. If present and voting, the Senator from New Mexico would vote "nay" and the Senator from Nebraska would vote "yea."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from New Hampshire [Mr. BRIDGES]. If present and voting, the Senator from New Mexico would vote "nay" and the Senator from New Hampshire would vote "yea."

On this vote, the Senator from Minnesota [Mr. McCARTHY] is paired with the Senator from Arizona [Mr. GOLDWATER]. If present and voting, the Senator from Minnesota would vote "nay" and the Senator from Arizona would vote "yea."

On this vote, the Senator from Oregon [Mrs. NEUBERGER] is paired with the Senator from Colorado [Mr. ALLOTT]. If present and voting, the Senator from Oregon would vote "nay" and the Senator from Colorado would vote "yea."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES], and the Senator from Nebraska [Mr. HRUSKA], are absent on official business.

I also announce that the Senator from Colorado [Mr. ALLOTT], is detained on official business.

I further announce that the Senator from Arizona [Mr. GOLDWATER], is necessarily absent.

On this vote, the Senator from Colorado [Mr. ALLOTT] is paired with the Senator from Oregon [Mrs. NEUBERGER]. If present and voting, the Senator from Colorado would vote "yea" and the Senator from Oregon would vote "yea."

On this vote, the Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from New Hampshire would vote "yea" and the Senator from New Mexico would vote "nay."

On this vote, the Senator from Nebraska [Mr. HRUSKA] is paired with the Senator from New Mexico [Mr. ANDERSON]. If present and voting, the Senator from Nebraska would vote "yea" and the Senator from New Mexico would vote "nay."

The result was announced—yeas 45, nays 46, as follows:

[No. 73]

YEAS—45

Aiken	Dworshak	Mundt
Beall	Eastland	Prouty
Bennett	Ervin	Robertson
Boggs	Fulbright	Russell
Bush	Gore	Saltonstall
Butler	Hickenlooper	Schoeppel
Byrd, Va.	Holland	Scott
Cannon	Jordan	Smathers
Capehart	Keating	Smith, Maine
Carlson	Kuchel	Stennis
Case, S. Dak.	Lausche	Talmadge
Cooper	McClellan	Thurmond
Cotton	Miller	Wiley
Curtis	Monroney	Williams, Del.
Dirksen	Morton	Young, N. Dak.

NAYS—46

Bartlett	Hayden	Metcalf
Bible	Hickey	Morse
Burdick	Hill	Moss
Byrd, W. Va.	Humphrey	Muskie
Carroll	Jackson	Pastore
Case, N. J.	Javits	Pell
Church	Johnston	Proxmire
Clark	Kefauver	Randolph
Dodd	Kerr	Smith, Mass.
Douglas	Long, Mo.	Sparkman
Ellender	Long, Hawaii	Symington
Engle	Long, La.	Williams, N. J.
Fong	Magnuson	Yarborough
Gruening	Mansfield	Young, Ohio
Hart	McGee	
Hartke	McNamara	

NOT VOTING—9

Allott	Bridges	Hruska
Anderson	Chavez	McCarthy
Blakley	Goldwater	Neuberger

So. Mr. BUSH's amendment to Mr. SPARKMAN's amendment was rejected.

Mr. GORE. Mr. President, I offer my amendment which is at the desk, and I ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 8, line 8, it is proposed to strike out "forty" and insert in lieu thereof "thirty."

Mr. GORE. Mr. President, as I have studied the amendment of the distinguished junior Senator from Alabama, the only essential change that is accomplished is to require a 3 percent downpayment on the part of FHA individual home loan guarantees for houses costing up to \$13,500. This would require a downpayment of \$300. No change whatever is made by the Sparkman amendment in the term of the loan, which is guaranteed, or would be guaranteed, either in the home loan guarantees or in the apartment house guarantees. Both are for 40 years. The apartment house loans are guaranteed 100 percent. The individual home mortgages are guaranteed for 40 years at 97 percent.

If Senators will look at the table on page 927 of the hearings, I shall call to their attention some interesting facts. I have undertaken, with the aid of my administrative assistant, to calculate what the payments would be over a 40-year period and what the equity would be with a \$300 downpayment on a \$10,000 house. I should like to state, beginning with the 12th year, the estimates of book equity. Beginning with the 12th year, there would be a book equity of approximately \$800. Then the equity declines through the 19th year, both under the \$300 downpayment plan and by the plan originally offered.

In the 13th year, the book equity would be \$780. Skipping to the 19th year it would be \$660. This is after a little \$10,000 house has suffered the weather and the wear for 19 years.

The man who owned the house, if he were still there, would have a book equity of some \$600. Meanwhile, the 20-year composition shingles might have deteriorated; the water heater might have run its course; there might be some plumbing trouble. Indeed, the owner might be far better off to seek to purchase another house.

The 40-year provision is utterly impractical. In my opinion, this is a margin toward which we cannot reach and have reasonable amortization. Two and one-half times 40 is 100.

I call attention to one other factor. What is the payment now at 5¼ percent interest, not counting the discount, that a homeowner must make if he builds a \$20,000 house? His monthly payments, in addition to the discount he pays now, at 5¼ percent, is \$110, or thereabouts. If the individual homeowner were given the same subsidized interest rate which the amendment proposes to give to the people who build an apartment house, his monthly payment would be \$85. In other words, if the individual homeowner who has a \$20,000 house for his family were treated in the way the amendment proposes to treat the people who will build apartment houses, without limit on scale or number of individual apart-

ments in it, the individual homeowner would be saved \$25 a month. Yet the bill is proposed to help poor people.

The distinguished Senator from Alabama has repeatedly said on the floor of the Senate that apartment house units are supposed to be substitutes for public housing. I respectfully challenge that statement. The report does not say it is so intended. The bill provides for middle-income people, not low-income people.

If there were to be subsidization of interest, if I had my choice, I would make it more in the homeowner, not the apartment house owner.

It is said that this is a nonprofit organization. What is a nonprofit organization? Some handsome salaries can be paid to the partners of a nonprofit organization, and still the apartment will show no particular profit.

This is an unsound proposal in both respects. If we start on a program of subsidizing interest on FHA guaranteed mortgages, where, I ask, will it end? Does any Senator seriously contemplate that for long we will be confining subsidized interest rates on FHA guaranteed mortgages to the owners of apartment houses? Let us think about giving a 100 percent guarantee for 40 years.

We have had a very successful FHA program. It has made homeowners of millions of American people, and I am proud of it. Few programs, if any, that our Nation has had in the past quarter of a century have more greatly strengthened the Nation and its way of life. In that respect, the program to encourage the American people to become homeowners has been outstanding.

I say to the Senate that the program of a 40-year guarantee, with only a \$300 payment, is not a financial incentive for homeownership; and if Senators will examine the tables, I believe they will see how utterly impractical it is. The equity actually reduces from the 12th year to the 19th year.

I have owned a few small pieces of property, as have other Senators. Let us assume that roofing that is guaranteed for 20 years is used; that is as long a guarantee as I have ever been able to obtain, and one pays a very high price for such a guarantee, and generally repairs on the roof are required before that time has expired.

Mr. ERVIN. Mr. President, will the Senator from Tennessee yield?

The PRESIDING OFFICER (Mr. PELL in the chair). Does the Senator from Tennessee yield to the Senator from North Carolina?

Mr. GORE. I yield.

Mr. ERVIN. Assuming that a person acquired one of these sales houses and paid 5¼ percent for 40 years—

Mr. GORE. What is the question?

Mr. ERVIN. Assuming that the prospective rate of interest for one who was acquiring a home under FHA continued at 5¼ percent interest a year, and that one who was building one of these apartment houses got the benefit of the rate of 3½ percent a year, and that the payments continued for 40 years instead of being amortized, then the one who was

acquiring the home would have to pay 2½ percent more interest a year; and over a period of 40 years that would amount to 85 percent of the cost. In such case, the one who built the apartment house would receive, over the period of 40 years, 85 percent of his total cost by reason of the interest subsidy. So, on this hypothesis, all he would put out over the 40-year period, for the construction of the apartment house, would be 15 percent of its cost.

At the end of the 40 years, having had the advantage of 85 percent subsidized interest from the taxpayers, he would pay out only 15 percent of the cost; and he would retain all the rents he had collected, except such as the might have spent for the maintenance of the building.

It seems to me this is a plan to enrich, at the expense of the taxpayers, those who would embark on the building of apartment houses, while the plan would penalize the individual homeowners, over the same period of time, by requiring them to pay 85 percent more interest.

Mr. GORE. I would agree, except in 3 instances: First, the apartment-house builder would not have to put up anything; he would be guaranteed 100 percent for 40 years. A company could be organized, and could get a loan of 100 percent, to build an apartment house.

Second, this 3½ percent rate is not fixed. If interest rates were to go down, this rate might go down to 2½ percent. This is not a minimum; it is not fixed. It relates to the going rate of interest on outstanding Government obligations.

Third, the bill provides that FHA interest rates on the individual homeowner may go as high as 6 percent.

So, with those 3 exceptions, I would agree with the Senator's statement.

Mr. President, I reserve the remainder of the time available to me.

Mr. ROBERTSON. Mr. President, will the Senator from Tennessee yield to me time in which I can support his amendment and also make some comments on the bill?

Mr. GORE. I will.

Mr. HUMPHREY. Mr. President, I wish to obtain some clarification. Does the Senator's amendment apply to rental housing or to sales housing?

Mr. GORE. My amendment applies to sales housing.

Mr. HUMPHREY. But has not the Senator been speaking, in the main, about rental housing of the nonprofit type—apartment houses of that type and of the limited dividend type?

Mr. GORE. That is contained in the Sparkman amendment.

Mr. HUMPHREY. But at this point in the debate—if my knowledge of the bill is accurate—does not that amendment apply only to sales housing?

The Senator used the example of a \$10,000 house at 5½ percent interest, and then he drew the line as to what would be the equity in 12 years and what would be the equity in 19 years—but without any regard to what would happen to property values, assuming no in-

flation and assuming no increase in the value of property.

Mr. GORE. Or no decrease.

Mr. HUMPHREY. But for at least the last 20 years—within this generation—the trend has been a substantial increase in values. Many a Member of this body bought a house, 15 or 20 years ago, as a home, and later sold it for twice or three times what he bought it for. I do not say that trend will continue; but I say that when one uses a hypothetical—such as a \$10,000 house with a 40-year mortgage at 5½ percent—and starts talking about his equity in the house 12 years later, he should at least use some rule of reason, in terms of recent experience as to property values.

Mr. GORE. I think some rule of reason should be used, too. We should contemplate, for example, that the average life of a composition shingle roof is 10 or 12 years.

Mr. HUMPHREY. Yes.

Mr. GORE. And we should also recognize that the water heater, the washing machine, the stove, and the plumbing fixtures may be in poor condition within 12 years.

Mr. HUMPHREY. Yes.

Mr. GORE. So I said "book value," "book equity."

Now, Mr. President, I yield—

Mr. HUMPHREY. Mr. President, will the Senator from Tennessee permit—

Mr. GORE. Mr. President, I shall be glad to yield, if the Senator will obtain some time from that available to the other side.

Mr. HUMPHREY. I should like to have about 2 minutes.

Mr. SPARKMAN. Mr. President, I yield 2 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 2 minutes.

Mr. HUMPHREY. Mr. President, I do not wish to be argumentative; but I was confused by the argument, because it seemed to move from one point to another, whereas the amendment applied to sales housing.

I think the point has been made about the interest differential and about subsidized interest. I do not believe there is much subsidy when the interest rate is averaged over the period of the borrowing. But that situation should not be confused with the payment schedules and the depreciation schedules which relate to sales housing.

I submit that the amendment of the Senator from Tennessee relates to sales housing, not rental housing. So we should confine the argument on this amendment to the particular item of sales housing. If so, I believe that will clarify the argument.

Mr. GORE. Mr. President, who confused the two? Not the Senator from Tennessee. The Senator from Alabama has offered the amendment which relates to both of them. I am undertaking to defeat the Sparkman amendment. It has two unsound features.

Mr. President, at this time I yield 5 minutes to the Senator from Oklahoma [Mr. MONRONEY].

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 5 minutes.

Mr. MONRONEY. Mr. President, I think those of us who have served many years in the Congress—for example, those who came to the Congress during the administration of President Franklin D. Roosevelt—have just pride in a program which was started for the purpose of creating homeownership for the American people. That program was begun, with great courage, in the founding of the FHA. It brought down the mortgage rates from 10 percent to the then unheard of rate of 6 percent, with a 25 percent downpayment; and gradually, as we gained experience with this great program, we found that the working people of America had a chance to buy a piece of America and enjoy it. The beauty about this great operation was that the then President and his then advisers held the program to one of complete economic soundness.

There were those who said it was a wild scheme. But gradually the one-fourth of 1 percent which was charged for the FHA insurance built up an insurance fund of hundreds of millions of dollars.

Because the American people protected their homes and made the payments on schedule, and because the foreclosures were few, because there was provision for adequate downpayments, and provision for 15-year mortgages, then 20 years, then 25 years, and finally 30 years, it was an economical way for people to buy their homes.

This fact is important for us to remember, because the mortgages were usually tailored so that they did not move into Government hands and did not become the permanently frozen property of the Federal National Mortgage Association. Once in a while, when the interest rate was too high and the mortgage people refused to buy the paper at the FHA par rate, FNMA would move in with a million dollars and buy the mortgages until the mortgage companies, seeking some good seasoned mortgages, were willing to pay a premium to take them.

This agency has been the shining diamond among all the New Deal agencies. It has paid its way. It has housed the people of America better than any other people have been housed.

We have adopted a provision to pay \$100 million to buy open land because we have built so many houses across the land that we have found it necessary to provide for the purchase of open land. I approve of it. The purpose is to improve the surroundings of homes. Homes of whom? Not homes of John D. Rockefeller or of other mighty moguls. No. Most of those homes have been financed by conventional mortgages. I am talking about the tens of millions of homes that have been built by FHA.

Today we are being asked to depart from reality and go into a dreamworld that is going to bring us financially unsound types of mortgages for which the Government must become the sole and final repository for the next 40 years.

Make no mistake about that, because it will be at least 30 years before any mortgage company will want to take the 40-year "turkeys" provided for in this bill.

We have a tradition handed to us of a great and overwhelming success. The amendment of the Senator from Tennessee brings us back to reality. It brings us back to an interest rate of 5¼ percent and a term of 30 years.

I would like to see good housing for everybody. The committee says we must do something about middle-income housing. The CIO put a headlock on me, when I was running for Congress and I was sitting on the Banking and Currency Committee, for long-term low interest rates. I turned it down, and faced some rough sledding.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MONRONEY. May I have some additional time?

Mr. GORE. I yield 3 minutes to the Senator from Oklahoma.

Mr. MONRONEY. This is not a new proposal. They have been banging at the door since 1939. In the meantime we have covered the landscape of America with new homes for middle-income families.

The report says there is a great need of housing for middle income people. The median income of all families in urban areas is \$5,755. It is proposed to take care of all families having incomes up to about \$6,000. It is over 50 percent. It is 60 or 65 percent of all the families in America for whom it is proposed to provide houses. This program will sink like a piece of lead, because it does not fit into the economic picture.

There is a way to handle it. The wholesale rate has already fallen, but the retail rate remains high. Let us not wreck a program that has housed America, that has carried itself, that has piled up millions of dollars in reserve, and cut ourselves loose from reality and go into a program of 40 years. After 20 years there will not be enough equity to paint the outside of the house, let alone put a new linoleum on the floor. Let us keep the program sound. Let us fix the term at 30 years. Let us adopt the Gore amendment, and the middle income families will have housing, and we will have a sound, lasting housing program.

Mr. LAUSCHE. Mr. President, will the Senator yield to me?

Mr. GORE. I yield 2 minutes to the Senator from Ohio.

Mr. LAUSCHE. Tonight one of the proponents of the measure now pending before us, whom I will not identify, made this statement, and I ask Senators to listen attentively, because I believe it is most significant:

A report was presented to me by an economist of a farm organization showing that the Congress has never done its duty with respect to rural housing. The worst housing in America is in the rural areas of America. We as Americans ought to be ashamed. Some of the rural housing in America makes Russian housing look good. It is bad housing. More than 50 percent of it is over 30 years old, and 90 percent is without indoor facilities. We ought to be ashamed of ourselves.

Over 50 percent of it is more than 30 years old, and having housing that is more than 30 years old, we ought to be ashamed of ourselves.

Mr. HUMPHREY. Mr. President, will the Senator yield? I should like to identify the statement. It is my statement. I do not believe in applying the rules of secrecy. What I am ashamed of is the lack of facilities.

Mr. LAUSCHE. That is not the statement I have read. The statement is that when a house is more than 30 years old, it is a shame to have it in existence. Yet we are providing 40-year mortgages on these homes.

Mr. BUSH. Mr. President, will the Senator from Alabama yield 2 minutes to me, so that I may ask the Senator from Tennessee a question?

Mr. SPARKMAN. I yield 2 minutes to the Senator from Connecticut.

Mr. BUSH. Under existing law, persons displaced by Government action now have available 40-year, no-downpayment mortgages at market rates of interest. Is that correct?

Mr. GORE. Yes. I am not sure it is a wise provision, but that is the law.

Mr. BUSH. The Senator's amendment is addressed to that situation, but it also includes moderate-income families. I wonder whether the Senator would care to modify his amendment so as not to affect existing legislation which applies to displaced persons, but make his amendment apply only to moderate-income families.

Mr. GORE. The amendment I have offered applies only the FHA loan-guaranteed home sales. In other words, it does not deal with the other matter in the amendment of the Senator from Alabama.

As the able Senator knows, the amendment offered by the Senator from Alabama is long and complicated. I have drafted this amendment to reduce the length of the mortgage guaranteed from 40 years to 30 years.

The Senator from Alabama modified his amendment, to change the provision of the bill from a no-downpayment provision to the present FHA rate for the downpayment.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BUSH. Mr. President, will the Senator yield me two more minutes for the same purpose?

Mr. SPARKMAN. I yield two minutes to the Senator from Connecticut.

Mr. GORE. However, the Senator left completely untouched the duration of the loan guarantee. Since the Senator has moved to modify the provision in the bill to comply with the regular FHA program in one respect, which I think was a sound move, by the amendment I move to make the program comply with the established FHA program in the other respect. Later, after this amendment is acted upon, I shall offer an amendment to deal with the subsidized interest and the 40-year guarantee on apartment houses.

Mr. BUSH. If the Senator will permit it, I should like to observe that the Sparkman amendment would not affect existing law. It would not affect the

40-year, no-downpayment privilege now existing for displaced families. The amendment of the Senator from Tennessee would affect that.

Mr. GORE. My amendment is an amendment to the Sparkman amendment.

Mr. BUSH. Yes.

Mr. GORE. What the Senator says could not possibly be true. My amendment could not deal with some matter the Sparkman amendment does not deal with.

Mr. BUSH. I have discussed this with the Senator from Alabama. He says that what I say is true.

Mr. SPARKMAN. It is true.

Mr. GORE. This is peculiar business, because the word "forty" is in the Sparkman amendment, and all my amendment would do would be to strike the word "forty" and substitute the word "thirty".

Mr. SPARKMAN. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Alabama is recognized for 5 minutes.

Mr. SPARKMAN. Mr. President, the point made by the distinguished Senator from Connecticut is absolutely correct.

This is an amendment to section 221 Housing. Section 221 housing is now and since 1956 has been a program of 100-percent-insured, no-downpayment, 40-year mortgages.

The amendment would be a step backward. Goodness knows, there would be no need for having this program at all, and we might as well wipe out the FHA section 221 program in that event. The Senator from Tennessee seeks to take us back to the FHA section 203 housing program, the regular FHA \$22,500 sales housing program. These are the terms the Senator is offering for the low and middle income housing.

Mr. President, a great deal has been said with reference to 40-year mortgages.

Mr. GORE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I will yield briefly.

Mr. GORE. I wish to invite the Senator's attention to the fact that the amendment I have offered to his amendment applies to page 8 of the Senator's amendment.

Mr. SPARKMAN. Yes.

Mr. GORE. Which is that portion of the amendment which extends the provision of section 221.

Mr. SPARKMAN. Yes.

Mr. GORE. To apply to all FHA mortgages.

Mr. SPARKMAN. Yes.

Mr. GORE. Therefore, the interpretation the able Senator has placed on the amendment could not possibly be correct.

Mr. SPARKMAN. But it is correct. I think I can prove that.

My amendment seeks to amend section 221 of the existing law, which is a 100-percent-insured, 40-year, no-downpayment law. I have changed the amendment, so far as the program is concerned, to apply the regular FHA minimum downpayment. The Senator from Tennessee would change the term to 30 years, which would be a step backward.

The Senator would change the whole concept of the FHA section 221 program and really make it the FHA section 203 program.

A great deal has been said about a 100-percent insured mortgage. There has been talk about a 100-percent guarantee program. This is not a loan program, but is an insurance program for which the purchaser will pay an insurance premium. One-half of 1 percent is included as an insurance premium and the purchaser will pay this premium over the years. FHA has built up a reserve fund of nearly \$1 billion, out of the half percent which is paid as insurance premium.

Since 1950, we have had FHA section 213 housing, which is a 40-year mortgage program.

Since 1956 we have had FHA section 221 housing for displaced families, which is a 100-percent insured, 40-year mortgage program.

Since 1959 we have had section 231 housing, for the elderly, which is a 100-percent insured program.

Why should there be all this hullabaloo when we try to build housing to be sold to people of low and middle incomes, when we never heard a word in opposition to the other programs?

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from Missouri.

Mr. SYMINGTON. I think we all agree that nobody understands the housing program any better than does the great Senator from Alabama.

When the housing bill came to the Senate, it had two primary characteristics. The first was a provision for a 40-year mortgage. The second was—at least in the opinion of some of us—a no-downpayment provision.

When an amendment was offered to require a downpayment, I voted for it this afternoon because I thought there should be a downpayment. Now we are asked to cut the time of the mortgage from 40 years to 30 years, which, as I understand the situation, would destroy the administration bill and all the things the Senator from Alabama believes are proper in order to further the housing program. Is that correct?

Mr. SPARKMAN. The Senator is correct.

Mr. SYMINGTON. I voted against the provision for no downpayment, and I shall now vote for the 40-year mortgage provision.

Mr. SPARKMAN. I appreciate that statement by the Senator from Missouri.

The PRESIDING OFFICER. The time of the Senator from Alabama has expired.

Mr. SPARKMAN. Mr. President, I yield myself 1 more minute. I believe the amendment of the Senator from Tennessee should be defeated. I believe we ought to get on to voting on the amendment I have offered.

Incidentally, the Senator referred to the downpayment as being \$300. For a \$15,000 house, which is the maximum mortgage provided under the proposed program, the downpayment would be \$555, in addition to closing costs, which

would be approximately \$200. In other words, a middle-income family in order to purchase a home under this program would have to raise \$750. I submit that would be a rather large downpayment for a person with an income of the level contemplated.

Mr. CAPEHART. Mr. President, we have had programs for 40-year mortgages, with no downpayment, but they were limited to certain classes of people, primarily to those displaced through no fault of their own.

The PRESIDING OFFICER. The time of the Senator from Alabama has expired.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. SPARKMAN. Mr. President, I yield 2 minutes to the Senator from Indiana.

Mr. CAPEHART. I believe it is correct to say that I have never before voted against a housing bill. However, I am going to vote against the bill tonight, for the first time, because although we have provided 40-year mortgages, with no downpayments, they were limited to certain classes of cases. Now the bill would open the field up to any house with a sales price of no more than \$15,000, to anybody who wishes to buy it, regardless of his income. That is what we must keep in mind. The bill is not limited to people with low incomes. The limitation is the \$15,000.

I think we are wrong. I believe the bill is an opening wedge to liberalize housing legislation. I have felt that the legislation has done a great deal of good. But throughout the bill I see liberalization. There is liberalization not only in the 40-year no-downpayment proposal, but also what I call "cats and dogs" in the bill—proposed changes which in my opinion would be bad for builders, bad for the real estate business, bad for the people who buy houses, bad for the taxpayers and bad for everyone concerned. We ought not to do it.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CAPEHART. I will vote against the housing bill tonight as a protest against a liberalization to the point at which I think people will rebel one of these days. If we continue to take action such as is proposed every time we have a session of Congress, it will not be long until we shall have nationalized or socialized housing in America.

Mr. SPARKMAN. Mr. President, I yield 2 minutes to the Senator from Connecticut.

Mr. BUSH. May I have the attention of the Senator from Tennessee to ask a question? Will the Senator from Tennessee modify his amendment to eliminate the words "and displaced families" on page 1, line 10, of the bill and also on page 2, lines 5 and 6, where there is provision for families displaced from urban renewal areas or as a result of governmental action. I believe by modifying his amendment in that way he would gather some support for it. I suggest, if he wishes to modify his amendment in that way, that he ask to modify it so as to eliminate the effective-

ness of the amendment so far as displaced families are concerned.

The modification would be made wherever the bill would need to be changed for that purpose. In other words, the Senator's amendment would then apply to so-called moderate-income families only and not to displaced families.

Mr. GORE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. GORE. I do not wish to enter into a technical argument. If the Senators will look at page 8 of the bill, they will see what is in quotation marks and what is not, in order to make it completely clear and avoid argument.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BUSH. Mr. President, will the Senator from Alabama yield 2 additional minutes?

Mr. GORE. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Tennessee has 3 minutes remaining.

Mr. GORE. I will take 1 minute. I modify my amendment to strike the word "forty" and insert "thirty" with respect to the new additions in the bill, and leave untouched section 221 of the present law. Does such a modification satisfy the Senator?

Mr. BUSH. May I ask the Senator whether his modification would do what I seek to accomplish?

Mr. GORE. I have modified the amendment to that extent.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. KEATING. In other words, the modifications would not change the existing law as regards displaced families who are displaced by urban renewal?

Mr. GORE. The Senator is correct.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORSE. Is a request to have the amendment read in order? If the modification of the amendment of the Senator from Tennessee now operates, I respectfully submit that the amendment does not meet the test of a formal amendment at all.

Mr. GORE. Mr. President, reserving the right to object, if unanimous consent is to be granted, I ask unanimous consent that the Senate recess for 5 minutes so I can draft the amendment according to the request in order that it may be read. That is an unusual procedure, but we have under consideration a very technical amendment.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. GORE. I am reserving the right to object. The statement of the Senator will not come out of my time.

Mr. PASTORE. The Senator from Connecticut has suggested words to be deleted in order to accomplish the purpose. I think if we adopt his suggestion, we shall carry out the purpose of the Senator from Tennessee. The question is as simple as that.

Mr. GORE. I agree. But the Senator from Oregon has asked that the amendment be read. To reduce it to writing would require a few minutes.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GORE. Further reserving the right to object, I yield.

Mr. MORSE. I want to know what I am voting for. I could not figure out from what the Senator said what his amendment is. I want to know what I am voting for.

Mr. BUSH. If the Senator will consult a copy of the bill, I believe I can show him in 30 seconds, if the Senator will give me that much time, what my suggested modification would do. If the Senator will look at page 1, line 10, of the bill, I suggest that the words "and displaced families" be eliminated. I suggest that a period be placed after the word "income" and that the words "and displaced families" be eliminated.

On page 2, I suggest that a semicolon be inserted after "income families" at the end of line 4, and that lines 5 and 6 be stricken.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORSE. Would it be in order to make a motion to lay the amendment on the table?

The PRESIDING OFFICER. Not at this particular time, because there is still time remaining on both sides.

Mr. BUSH. Does the Senator wish to modify his amendment in the fashion I have suggested?

Mr. GORE. Mr. President, during the colloquy I have had time to redraft the amendment. I modify my amendment to read as follows:

On page 8, line 8, after "forty," insert "thirty years in the case of mortgages covering properties for low and moderate income families."

The PRESIDING OFFICER. The time of the Senator from Tennessee has expired.

Mr. GORE. Mr. President, I yield back any time remaining.

Mr. HUMPHREY. Mr. President, I join with the Senator from Oregon. I try to presume, at least, that I have average intelligence, even at this late hour. I suggest that the amendments that have been talked about not only relate to some of the provisions of the bill, but the whole context and purpose of the bill. We would amend not only provisions and details, but titles. I think the process suggested is a very poor way to legislate on a \$9 billion bill.

Mr. SPARKMAN. Did I correctly understand the Senator from Tennessee to say that he was willing to yield back the remainder of his time?

Mr. GORE. I am willing to yield back the remainder of my time.

The PRESIDING OFFICER. Does the Senator from Alabama yield back the remainder of his time?

Mr. SPARKMAN. I yield back the remainder of my time, along with the Senator from Tennessee.

The PRESIDING OFFICER. All time is yielded back.

Mr. MORSE. Mr. President, I move to lay the amendment, as modified, on the table.

The PRESIDING OFFICER. The question is on the motion of the Senator from Oregon to lay on the table the modified amendment of the Senator from Tennessee.

Mr. MORSE. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The yeas and nays have been ordered. No debate is in order. The clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD (after having voted in the affirmative). On this vote I have a pair with the Senator from Colorado [Mr. ALLOTT]. If he were present and voting he would vote "nay." If I were at liberty to vote I would vote "yea." Therefore I withhold my vote.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON] is absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY] is necessarily absent.

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Nebraska [Mr. HRUSKA]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Nebraska would vote "nay."

On this vote the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from New Hampshire [Mr. BRIDGES]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from New Hampshire would vote "nay."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES] and the Senator from Nebraska [Mr. HRUSKA] are absent on official business.

I also announce that the Senator from Colorado [Mr. ALLOTT] is detained on official business, and his pair has been previously announced.

I further announce that the Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

On this vote, the Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from New Hampshire would vote "nay," and the Senator from New Mexico would vote "yea."

On this vote, the Senator from Nebraska [Mr. HRUSKA] is paired with the Senator from New Mexico [Mr. ANDERSON]. If present and voting, the Senator from Nebraska would vote "nay," and the Senator from New Mexico would vote "yea."

If present and voting, the Senator from Arizona [Mr. GOLDWATER] would vote "nay."

The result was announced—yeas 47, nays 45, as follows:

[No. 74]

YEAS—47

Bartlett	Hayden	Metcalf
Bible	Hickey	Morse
Boggs	Hill	Moss
Burdick	Humphrey	Muskie
Byrd, W. Va.	Jackson	Neuberger
Cannon	Javits	Pastore
Carroll	Johnston	Pell
Case, N.J.	Kefauver	Proxmire
Clark	Kuchel	Randolph
Dodd	Long, Mo.	Smith, Mass.
Douglas	Long, Hawaii	Sparkman
Engle	Long, La.	Symington
Fong	Magnuson	Williams, N.J.
Gruening	McCarthy	Yarborough
Hart	McGee	Young, Ohio
Hartke	McNamara	

NAYS—45

Aiken	Eastland	Mundt
Beall	Ellender	Prouty
Bennett	Ervin	Robertson
Bush	Fulbright	Russell
Butler	Gore	Saltonstall
Byrd, Va.	Hickenlooper	Schoeppel
Capehart	Holland	Scott
Carlson	Jordan	Smathers
Case, S. Dak.	Keating	Smith, Maine
Church	Kerr	Stennis
Cooper	Lausche	Talmadge
Cotton	McClellan	Thurmond
Curtis	Miller	Wiley
Dirksen	Monroney	Williams, Del.
Dworshak	Morton	Young, N. Dak.

NOT VOTING—8

Allott	Bridges	Hruska
Anderson	Chavez	Mansfield
Blakley	Goldwater	

So Mr. MORSE's motion to lay on the table Mr. GORE's modified amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment offered by the Senator from Alabama [Mr. SPARKMAN].

Mr. DIRKSEN. Mr. President, I yield 2 minutes on the bill to the Senator from Indiana.

Mr. CAPEHART. Mr. President, the House has not yet passed a housing bill. The Senate and the House passed a resolution a few weeks ago extending FHA insurance further by \$1 billion. I believe that is the correct figure. Nothing would be lost by a delay of a week or 10 days in respect to housing legislation. Therefore, I make a motion that the pending bill be recommitted to the Committee on Banking and Currency with instructions to report a clean bill within 10 days. I ask for the yeas and nays.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

Mr. CAPEHART. I ask for the yeas and nays.

Mr. HUMPHREY. Mr. President, I move to lay on the table the motion to recommit.

Mr. RUSSELL. Mr. President, that motion is not in order so long as time remains on the motion to recommit. Under the unanimous-consent agreement, 30 minutes to a side is allowed on a motion to recommit. Until that time has been yielded back, I make the point of order that the motion to lay on the table the motion to recommit is not in order.

The PRESIDING OFFICER. The point of order is sustained.

Mr. CAPEHART. I shall yield my time back in just a moment. I think we have reached the point tonight where we would be much better off if the bill were sent back to committee and the

committee reported a clean bill, so that everyone could read it and understand it. Nothing would be lost by so doing. We would then all know what we were doing, rather than voting at 1 o'clock in the morning, when we are not yet through with amendments.

I again say the bill contains a number of provisions which, in my opinion are not good. I feel that the best thing we can do is to recommit the bill. Nothing would be lost by doing so.

I yield back the remainder of my time.

Mr. HOLLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Florida will state it.

Mr. HOLLAND. Under the unanimous-consent agreement, how much time will be allowed for discussion of the bill after the third reading?

The PRESIDING OFFICER. For the proponents, 54 minutes remain; for the opponents, 24 minutes remain.

Mr. HOLLAND. How much time was allowed under the terms of the unanimous-consent agreement?

The PRESIDING OFFICER. Two hours.

Mr. HOLLAND. Two hours on each side?

The PRESIDING OFFICER. No; 1 hour to a side.

Mr. HOLLAND. How much time remains on each side?

The PRESIDING OFFICER. One hour and eighteen minutes remain.

Mr. HOLLAND. I do not intend to usurp the functions of the leadership, for whom I have great respect and in whom I have much confidence. However, I wish to be heard before the passage of the bill. Neither I nor, I feel certain, any other Senator knows what is in the bill. If we could adjourn until some fixed hour, so that the bill could be printed overnight, and we could know what was in it, we would be in a better position to deal with it after we returned.

I do not believe the situation which has developed gives either the proponents or the opponents of the bill—particularly the opponents—a fair chance either to defend or oppose the bill or really to know what the bill contains in its present form. Therefore, I make this suggestion and request of the leader—

Mr. CAPEHART. Mr. President, I think I have the floor. In moving to recommit the bill, I am not in any way trying to kill the measure or to cripple it. I am simply trying to get a clean bill, which can be understood by all, and have some changes made in the bill, changes which I think this body, after sober consideration, will want to make.

It is not my purpose to delay or to kill the bill, because I favor housing legislation, and have done so for years. I still favor it, but I do not like to see this liberalization, because I think it is bad.

Mr. BUSH. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. BUSH. What was the Senator's motion?

Mr. CAPEHART. I have moved to recommit the bill with instructions to the

committee to report back in not less than 10 days.

Mr. BUSH. Mr. President, I associate myself with that motion. I intend to support the bill. If we come to a vote on it tonight, I shall vote for it. But I think that what the Senator from Indiana proposes is a sound idea. Certainly it is clear tonight that few Senators understand what is in the bill.

Mr. CAPEHART. Mr. President, I yield back the remainder of my time.

Mr. SPARKMAN. Mr. President, I yield back the rest of my time.

Mr. MANSFIELD. Mr. President, I move to lay on the table the motion of the Senator from Indiana to recommit the bill. On my motion, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CASE of South Dakota. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from South Dakota will state it.

Mr. CASE of South Dakota. When the Senator from Indiana first stated his motion, I understood him to say that he moved to recommit the bill to the committee with instructions to report back within 10 days a clean bill. I would understand from that proposal that the bill would be in the form in which it has been amended.

In the restatement of his motion just a moment ago, the Senator from Indiana merely referred to recommitting the bill to committee; nothing was said about reporting it back as a clean print. What are we voting to table?

The PRESIDING OFFICER. The Chair understands that the Senate is about to vote on a motion to table the motion of the Senator from Indiana to recommit the bill.

Mr. CASE of South Dakota. Yes; but what was the motion of the Senator from Indiana? Was it to report the bill back as a clean print, or could the committee—

Mr. CAPEHART. My motion was to recommit the bill with instructions to the committee to report a new housing bill within 10 days.

Mr. CASE of South Dakota. Let us be clear. Would the committee have the right to change the bill from its present form, with the amendments which have been adopted?

Mr. CAPEHART. It would, under my motion.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana [Mr. MANSFIELD] to lay on the table the motion of the Senator from Indiana [Mr. CAPEHART] to recommit the bill, with instructions. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON] is absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY] is necessarily absent.

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with

the Senator from Nebraska [Mr. HRUSKA]. If present and voting, the Senator from New Mexico would vote "yea" and the Senator from Nebraska would vote "nay."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from New Hampshire [Mr. BRIDGES]. If present and voting, the Senator from New Mexico would vote "yea" and the Senator from New Hampshire would vote "nay."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES], and the Senator from Nebraska [Mr. HRUSKA] are absent on official business.

I further announce that the Senator from Colorado [Mr. ALLOTT], and the Senator from Arizona [Mr. GOLDWATER] are necessarily absent.

I further announce that, if present and voting, the Senator from Colorado [Mr. ALLOTT], and the Senator from Arizona [Mr. GOLDWATER] would each vote "nay."

On this vote, the Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from New Hampshire would vote "nay" and the Senator from New Mexico would vote "yea."

On this vote, the Senator from Nebraska [Mr. HRUSKA] is paired with the Senator from New Mexico [Mr. ANDERSON]. If present and voting, the Senator from Nebraska would vote "nay" and the Senator from New Mexico would vote "yea."

The result was announced—yeas 60, nays 33, as follows:

[No. 75]

YEAS—60

Alken	Gruening	McGee
Bartlett	Hart	McNamara
Bible	Hartke	Metcalf
Boggs	Hayden	Monroney
Burdick	Hickey	Morse
Byrd, W. Va.	Hill	Moss
Cannon	Humphrey	Muskie
Carroll	Jackson	Neuberger
Case, N.J.	Javits	Pastore
Church	Johnston	Pell
Clark	Jordan	Proxmire
Cooper	Keating	Randolph
Dodd	Kefauver	Scott
Douglas	Kerr	Smathers
Ellender	Long, Mo.	Smith, Mass.
Engle	Long, Hawaii	Sparkman
Ervin	Long, La.	Symington
Fong	Magnuson	Williams, N.J.
Fulbright	Mansfield	Yarborough
Gore	McCarthy	Young, Ohio

NAYS—33

Beall	Dworshak	Robertson
Bennett	Eastland	Russell
Bush	Hickenlooper	Saltonstall
Butler	Holland	Schoeppel
Byrd, Va.	Kuchel	Smith, Maine
Capehart	Lausche	Stennis
Carlson	McClellan	Talmadge
Case, S. Dak.	Miller	Thurmond
Cotton	Morton	Wiley
Curtis	Mundt	Williams, Del.
Dirksen	Prouty	Young, N. Dak.

NOT VOTING—7

Allott	Bridges	Hruska
Anderson	Chavez	
Blakley	Goldwater	

So Mr. MANSFIELD's motion to lay on the table Mr. CAPEHART's motion to recommit was agreed to.

Mr. DIRKSEN. Mr. President, I yield myself 1 minute on the bill.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 1 minute.

Mr. DIRKSEN. I should like to suggest to the majority leader that he make inquiry of the Senate as to how many more amendments remain; which ones, if any, are acceptable to the committee; about when we could expect the third reading of the bill; and, then, what the managers of the bill propose with respect to postponing the vote.

The distinguished Senator from Florida indicated that he wished to be heard. But if we can have the third reading and if the vote is put over, the remaining time on the bill can then be used, at some subsequent time, for discussion of the bill, as such.

Mr. MANSFIELD. Mr. President, with respect to the question propounded by the distinguished minority leader, it is my understanding that the Senator from Indiana [Mr. CAPEHART], the ranking minority member of the committee handling the housing legislation, has two proposals, which I understand are acceptable.

I also understand that the distinguished Senator from Tennessee [Mr. GORE] has several proposals which will not take too much time.

Mr. GORE. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. GORE. I think the 47-to-45 vote was a fair test. The Senator has been very generous, and I have made my case.

I am ready to vote on the Sparkman amendment. I shall withhold my amendments.

Will the Senator from Montana yield further?

Mr. MANSFIELD. I yield.

Mr. GORE. I had intended to offer, and to press for, an amendment requiring a downpayment, on the apartment rental provision. But I think we shall face that test squarely when we vote on the Sparkman amendment, anyway.

Mr. MANSFIELD. The Senator is most gracious and considerate, as always. It should not take too much time to dispose of the remaining amendments, though I am becoming very fearful, on the basis of what happened yesterday and today, with respect to so-called little amendments which are expected to take only a few minutes. I hope the third reading can be reached tonight, but there will be no vote on it. There will be a clean bill, if the third reading is reached this morning, and the Senate can adjourn until Monday. At that time the distinguished Senator from Florida [Mr. HOLLAND] and other Senators who are interested will have had an opportunity to examine the bill and the amendments thereto.

Mr. McCLELLAN. Mr. President, do I correctly understand that there are to be no more votes tonight?

Mr. MANSFIELD. I understand there will not be any more votes tonight—

Mr. SPARKMAN. Mr. President—

Mr. MANSFIELD. The Sparkman amendment is yet to be voted on. I do not want Senators to leave.

Mr. SYMINGTON. Mr. President, why does not the Senate work on Friday?

Mr. MANSFIELD. We are.

Mr. SYMINGTON. Why not Friday?

Mr. MANSFIELD. We are.

Mr. SYMINGTON. Why do we work until 1:10 a.m., and not on Saturday?

Mr. MANSFIELD. There are reasons. Many Senators have commitments which they have looked forward to fulfilling. I felt I was in a predicament. That is the reason for going over until Monday.

Mr. SYMINGTON. I was not criticizing; I was only asking.

Mr. MANSFIELD. I was only answering.

Mr. HOLLAND. Mr. President, the course the distinguished majority leader is suggesting is thoroughly acceptable to me. I do not expect to change any votes on Monday, but I think every Senator should have an opportunity to express himself for the RECORD.

It would be a very simple matter for a Senator to offer an amendment to strike, and to thus hold up the bill indefinitely. I shall certainly not take any such course. I have not suggested I would. It would be possible, by making dilatory motions to adjourn, to hold up the bill indefinitely. I think we have been here too long. I think the distinguished majority leader, as usual, has shown his good sense by stating that he proposes to have the Senate adjourn until Monday. I congratulate him and thank him.

Mr. SALTONSTALL. Mr. President, if the Senator will yield, the majority leader has said there would be a clean bill on Monday. I ask the majority leader if that can be done without a motion or a vote of the Senate. I have never heard of its being done without a motion. If we are to have a clean bill, I want to make certain it can be done without a motion.

Mr. SPARKMAN. Mr. President, I think it would be difficult to have a clean bill, but I was about to suggest that the bill can be printed as amended, which would be a clean bill.

Mr. SALTONSTALL. So the bill will be all together.

Mr. SPARKMAN. Yes, and I shall ask the staff of our subcommittee to make a section-by-section analysis of the bill in its amended form and to have a copy of such analysis on every Senator's desk when the Senate meets on Monday.

Mr. PASTORE. Mr. President, I have mentioned this matter privately to the distinguished majority leader. Some of us have commitments to a very important luncheon Monday at the White House.

I hope he will give us sufficient time to attend to that commitment and be back here in time to vote.

Mr. MANSFIELD. I have discussed the matter with the minority leader. It will be possible for Senators to attend the luncheon at the White House and to be back here in time to vote.

While I have the floor, I wish to say I am deeply grateful to the chairman of the subcommittee, the Senator from Alabama [Mr. SPARKMAN], and the ranking Republican member of the subcommittee [Mr. CAPEHART], for the courtesy and consideration they have both shown constantly during the course of the con-

sideration of this bill, which has covered a period of almost 2 weeks, off and on. I also wish to express my appreciation to the chairman of the full committee [Mr. ROBERTSON] for his kindness and courtesy.

Mr. ROBERTSON. Mr. President, as chairman of the committee, I wish to say some concern was expressed over the inflationary effects of the measure. I made a speech on Friday of last week analyzing every issue brought up on the floor. Since only a few Members of the Senate were present at the time, I had the speech mimeographed and sent to each Senator. The chairman of the committee felt he had a duty to explain his opposition to the bill. I plan to speak on Monday, but very briefly. If the members of the committee or of the Senate want to understand a very technical measure, I point out that my speech was prepared with the help of the staff, and it is accurate and technically correct. It will, in plain English, tell Senators what it is all about.

Mr. GORE. Mr. President, I ask for the yeas and nays on the Sparkman amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alabama, for himself and the Senator from New York [Mr. JAVITS].

Mr. CAPEHART. Mr. President, I send to the desk an amendment to the Sparkman-Javits amendment, and ask that it be stated. It will take me about 5 minutes on two amendments and one clarification.

The PRESIDING OFFICER. The amendment offered by the Senator from Indiana to the amendment offered by the Senator from Alabama for himself and the Senator from New York will be stated.

The LEGISLATIVE CLERK. It is proposed in the amendment to subsection (d)(3) which is made by paragraph (6) of section 101, to strike out "a public body or agency,"; and

To strike out subsection (c) of section 101.

Mr. CAPEHART. Mr. President, my amendment would deny a public body the right to participate in the rental housing section in public housing. Therefore it takes away from the bill what I consider to be the public housing phase of it, or what might be the public housing phase of it in rental housing.

Mr. SPARKMAN. Only so far as ownership might be in a public housing authority. The amendment is acceptable.

Mr. CASE of South Dakota. Mr. President, are these amendments to the Sparkman-Javits amendment?

Mr. SPARKMAN. Yes.

I yield back my time on the amendment.

Mr. CAPEHART. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana to the amendment offered by the Senator from Alabama [Mr. SPARKMAN] for him-

self and the Senator from New York [Mr. JAVITS].

The amendment to the amendment was agreed to.

Mr. CAPEHART. Mr. President, I have at the desk another amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Indiana to the amendment of the Senator from Alabama, for himself and the Senator from New York will be stated.

The LEGISLATIVE CLERK. It is proposed in paragraph (11) of section 101, to strike out "bear interest", and insert "bear an interest rate".

In the same paragraph, after the parenthetical clause, it is proposed to insert "uniformly established by the Commissioner for all classes of borrowers,".

Mr. CAPEHART. Mr. President, the purpose of the amendment is to make certain that the Commissioner of the FHA will charge the same interest rates to all categories of borrowers.

Mr. SPARKMAN. Mr. President, I think the Senator from Indiana and I are in full agreement as to the meaning of the amendment, but I want to make certain the RECORD is clear that this amendment is with reference to below-market-interest-rate portion of the FHA section 221(d)(3) program as proposed by the bill, and only to that part of the program.

Mr. CAPEHART. That is right. The amendment refers to that section of the bill.

I yield back my time on the amendment.

Mr. SPARKMAN. I yield back my time. I am agreeable to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana to the amendment offered by the Senator from Alabama, for himself and the Senator from New York [Mr. JAVITS].

The amendment to the amendment was agreed to.

Mr. CAPEHART. Mr. President, I have one short prepared statement that I think I should read. The Senator from Alabama is in accord with this, but I think it ought to be made a part of the RECORD, so the Commissioner of the FHA will know exactly what is meant by an amendment just adopted.

Mr. SPARKMAN. Mr. President, if I may make a suggestion, the Senator may place the statement in the RECORD. It is in accord with the colloquy between the Senator from Indiana and me.

Mr. CAPEHART. Mr. President, I ask unanimous consent to have the statement printed in the RECORD. The able manager of the bill agrees with the explanation.

Mr. SPARKMAN. That is correct.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR CAPEHART

Last Friday and again tonight, the Senate agreed to an amendment I offered which would require a uniform interest rate for all classes of borrowers under the FHA moderate rental housing program, the below-market interest rate mortgages. Some ques-

tion has been raised as to whether this amendment requires that the lowest interest rate be used in all cases under that program. I understand that the provisions of the bill affected by the amendment cover some housing which does not need the special low-interest rate.

As I see it, some mortgages would be insured at the regular FHA rate and others at the below-market rate. However, whether at the market rate, or the below-market rate, either rate would apply uniformly to all applicants qualifying for that particular rate.

My amendment is merely intended to require that all classes of organizations be treated alike under the section 221(d)(3) program so that FHA would not establish different rates simply on the basis of the type of borrower involved.

The PRESIDING OFFICER. All time has expired on the amendment offered by the Senator from Alabama for himself and the Senator from New York [Mr. JAVITS] as amended. The question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.
Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Mississippi [Mr. EASTLAND], the Senator from Alabama [Mr. HILL], the Senator from Ohio [Mr. YOUNG], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY] is necessarily absent.

On this vote, the Senator from Mississippi [Mr. EASTLAND] is paired with the Senator from Alabama [Mr. HILL]. If present and voting, the Senator from Mississippi would vote "nay" and the Senator from Alabama would vote "yea."

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Nebraska [Mr. HRUSKA]. If present and voting, the Senator from New Mexico would vote "yea" and the Senator from Nebraska would vote "nay."

On this vote, the Senator from Ohio [Mr. YOUNG] is paired with the Senator from Colorado [Mr. ALLOTT]. If present and voting, the Senator from Ohio would vote "yea" and the Senator from Colorado would vote "nay."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Georgia [Mr. RUSSELL]. If present and voting, the Senator from New Mexico would vote "yea" and the Senator from Georgia would vote "nay."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES] and the Senator from Nebraska [Mr. HRUSKA] are absent on official business.

I further announce that the Senator from Colorado [Mr. ALLOTT] and the Senator from Arizona [Mr. GOLDWATER] are necessarily absent.

I further announce that, if present and voting, the Senator from Arizona [Mr. GOLDWATER] and the Senator from New Hampshire [Mr. BRIDGES] would each vote "nay."

On this vote, the Senator from Colorado [Mr. ALLOTT] is paired with the Senator from Ohio [Mr. YOUNG]. If present and voting, the Senator from Colorado would vote "nay," and the Senator from Ohio would vote "yea."

On this vote, the Senator from Nebraska [Mr. HRUSKA] is paired with the Senator from New Mexico [Mr. ANDERSON]. If present and voting, the Senator from Nebraska would vote "nay," and the Senator from New Mexico would vote "yea."

The result was announced—yeas 47, nays 42, as follows:

[No. 76]

YEAS—47

Bartlett	Hart	McNamara
Bible	Hartke	Metcalfe
Boggs	Hayden	Morse
Burdick	Hickey	Moss
Byrd, W. Va.	Humphrey	Muskie
Cannon	Jackson	Neuberger
Carroll	Javits	Pastore
Case, N.J.	Johnston	Pell
Church	Kefauver	Proxmire
Clark	Long, Mo.	Randolph
Dodd	Long, Hawaii	Smith, Mass.
Douglas	Long, La.	Sparkman
Engle	Magnuson	Symington
Fong	Mansfield	Williams, N.J.
Fulbright	McCarthy	Yarborough
Gruening	McGee	

NAYS—42

Aiken	Ellender	Mundt
Beall	Ervin	Prouty
Bennett	Gore	Robertson
Bush	Hickenlooper	Saltonstall
Butler	Holland	Schoeppel
Byrd, Va.	Jordan	Scott
Capehart	Keating	Smathers
Carlson	Kerr	Smith, Maine
Case, S. Dak.	Kuchel	Stennis
Cooper	Lausche	Talmadge
Cotton	McClellan	Thurmond
Curtis	Miller	Wiley
Dirksen	Monroney	Williams, Del.
Dworshak	Morton	Young, N. Dak.

NOT VOTING—11

Allott	Chavez	Hruska
Anderson	Eastland	Russell
Blakley	Goldwater	Young, Ohio
Bridges	Hill	

So the amendment offered by Mr. SPARKMAN, for himself and Mr. JAVITS, was agreed to.

Mr. MANSFIELD. Mr. President, I move to reconsider the vote by which the Sparkman-Javits amendment, as amended, was agreed to.

Mr. SPARKMAN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SPARKMAN. Mr. President, on behalf of myself, the Senator from New York [Mr. JAVITS], and the Senator from West Virginia [Mr. RANDOLPH], I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Alabama will be seated.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with and that the amendment be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Paragraph (3) of section 305 of S. 1922 (the Housing Act of 1961) is proposed to be amended by—

(a) striking out the amendment to paragraph (3) of section 7(b) of the Small Business Act and substituting the following:

"(3) To make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to assist any small-business concern in reestablishing its business on a new site, if the Administration determines that such concern has suffered substantial economic injury as a result of its displacement by a Federally aided urban renewal or highway construction program or by any other construction conducted by or with funds provided by the Federal Government."; and

(4) by adding immediately before the period at the end of the third sentence the following: "except that in the case of a loan made pursuant to paragraph (3), the rate of interest on the Administration's share of any such loan shall not exceed the rate paid by the Administration on funds obtained from the Secretary of the Treasury as provided in section 4(c), plus one-half of one per centum per annum";

(b) section 2(b) of such Act is amended by inserting before the period at the end thereof the following: "and small-business concerns which are displaced as a result of Federally aided construction programs".

(c) section 4(c) of such Act is amended—
(1) by striking out "\$975,000,000" each place it appears and inserting in lieu thereof "\$1,025,000,000"; and

(2) by striking out "\$125,000,000" in the sixth sentence and inserting in lieu thereof "\$175,000,000".

Mr. SPARKMAN. Mr. President, in 1 minute I can explain what the amendment provides. There is a provision in the bill which permits the Small Business Administration to make loans under the disaster loan program terms to small businesses that are displaced by reason of federally assisted urban renewal projects and have suffered substantial economic injury as a result of displacement. The amendment would extend that provision to cover businesses forced out by highway construction and other governmental action. The amendment would only make the provisions effective across the board. It is an amendment of the Small Business Act. The interest rate on disaster loans in existing law is 3 percent. I am offering an amendment to change that rate, so far as loans provided by the amendment in this bill are concerned, to 3½ percent. I believe it would be 3½ percent. The rate would be the cost of the money to the Government plus a half percent.

A third provision would make available \$50 million to cover loans to be made under the amendment.

I discussed the amendment with the Senator from Wisconsin [Mr. PROXMIRE], who is chairman of the Subcommittee on Small Business of the Committee on Banking and Currency. I discussed the amendment with the senior Senator from Indiana [Mr. CAPEHART] and the Senator from New York [Mr. JAVITS], who, by the way, joins me in the amendment; and the Senator from West Virginia [Mr. RANDOLPH] joins me in sponsoring the amendment.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MUNDT. I am not clear from the Senator's explanation as to whether the amendment would change the law so that the proposed loans would be

made available to small businesses anywhere that Government action takes place, or whether the loss would be limited.

Mr. SPARKMAN. No. The amendment would make it possible for the Small Business Administration to make disaster loans for small businesses that are forced out by governmental action generally.

Mr. MUNDT. Regardless of whether they are in urban or rural areas?

Mr. SPARKMAN. Yes.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. PROXMIRE. I did not realize until now that the bill would increase the authorization by \$50 million.

Mr. SPARKMAN. It would be limited to these loans.

Mr. PROXMIRE. The authorization would be increased from \$975 million to \$1,025 million.

Mr. SPARKMAN. Yes.

Mr. PROXMIRE. The amendment is specifically limited to loans for highway and urban renewal moves, is that correct?

Mr. SPARKMAN. I am not sure that the amendment would be limited to those, but it is limited to the disaster loans program. The amendment is a part of the disaster loans program. I should think the money would not be earmarked for those particular purposes, but for disaster loans.

Mr. President, I believe that the Senator from Indiana has told me that the amendment would be acceptable to him. I am willing to yield back the remainder of my time.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Alabama for himself and other Senators. All time has been yielded back.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 1922) was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. MANSFIELD. Mr. President, I ask unanimous consent that a clean copy of the bill be prepared over the weekend for consideration of Senators when the Senate meets at 12 o'clock noon on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, my reasons for supporting this measure as it was reported from the Banking and Currency Committee are to be found on pages 2 and 3 of the committee report. I quote:

The committee is concerned about the state of the national economy and the continued lack of sustained vitality shown by the homebuilding industry. After having moved ahead for 3 consecutive months, private nonfarm housing starts failed to show

the sharp spring upsurge that normally is associated with the month of April. As a result, the seasonally adjusted annual rate slid back from a level close to 1.3 million to one only a shade better than 1.2 million. The committee views such a performance at this time as far from satisfactory, particularly in view of the needs of the national economy as well as the unmet housing needs of our Nation.

The committee was concerned about the construction industry, but a slow spring season upsurge in housing has a dual impact upon my State of Oregon. It not only affects our local construction industry, but the lumber industry which is the largest single source of payroll income in Oregon. When housing starts are slow across the Nation, the lumber industry is in trouble, and it has been in very deep trouble this year in Oregon.

So on behalf of the people of my State who are so dependent upon a sound housing industry, I want to thank the Senator from Alabama [Mr. SPARKMAN] and the other Members of the Senate Banking and Currency Committee for bringing to the floor this measure designed to promote and stimulate home and other types of construction. The Senator from Alabama has been diligent and effective in preparing this bill for our consideration, and in explaining and defending it here on the floor.

I know I speak for much of my State when I say we are most appreciative of his work. It will mean a lot to prospective homeowners in Oregon, and it will mean a lot to our lumber industry which supplies construction materials for the entire Nation. Furthermore it is a sound bill because it will strengthen greatly private homeownership in America. As I have said so many times we should never forget that private homeownership is one of the bulwarks of freedom. Give me a society with family farm ownership in the country and private homeownership in the city and I will give you a society in which political and economic freedom for the individual will be secure.

This is a good bill. This is a sound bill. This is a bill that promotes the general welfare of our people and of our economy. I shall vote for it with every confidence that I am voting for the best interest of my State and of my Nation.

Mr. DWORSHAK. Mr. President, a delegation of about 25 members of the Canadian Parliament visited the National Capital this week. Several conferences have been held to generate good will and understanding. Entertainment has been provided, including a dinner this evening for the visitors and their ladies. I was asked by the minority leader to attend these functions, and I regret very much that because of my inability to leave the Senate Chamber this evening it was not possible for my wife and me to attend this dinner. I should like to extend my humble apologies to the visitors. I hope that the action of the Senate this evening will not be construed as an act of discourtesy, but rather as being typical of the unpredictable and strange manner in which the most deliberative body in the world functions.

ORDER FOR ADJOURNMENT UNTIL 12 O'CLOCK NOON ON MONDAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate adjourns this morning, it adjourn to meet at 12 o'clock noon on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE FREEDOM RIDERS

Mr. JOHNSTON. Mr. President, the other day former President Harry S. Truman, in response to an inquiry, declared that the so-called freedom riders were outside agitators and pests, and should stay at home. He further opined that, "Agitators make me sick."

This criticism of the freedom riders, coming from a former President whose position on civil rights has been known, carries far greater weight than any of the editorials of the great newspapers of this country and the opinions of many of the people more directly involved in the freedom riders controversy.

Since I hold the same views on the freedom riders controversy as expressed by former President Truman, and because the senior Senator from New York, on the floor of the Senate Tuesday, attempted to justify the so-called freedom riders actions, I would like now to explain that, in my opinion, this movement is not of the high level moral plane it purports to be.

No doubt there have been innocent persons swept into the freedom riders movement who have acted without realizing that, instead of helping race relations, this movement has deteriorated race relations and has done great damage to this country. In support of this contention, I wish to bring to the attention of the Senate several newspaper articles and facts which, when placed together, present a fine mosaic picture of what is really going on.

First, I would like to focus attention upon an article by Omer Anderson appearing in the Columbia Record, Columbia, S.C., of Friday, June 2, 1961, under a Berlin dateline entitled "Red Germany Opens Agitation Center for Negroes." This article reveals that our intelligence in West Berlin has uncovered a new line of Communist perversion. I ask unanimous consent to have the article printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

RED GERMANY OPEN AGITATION CENTER (By Omer Anderson)

BERLIN.—Communist East Germany has opened an American Negro Agitation Training Center in the Saxony industrial city of Bautzen.

The center, masked as "The Institute for the Advancement of the Negro Race," seeks to transform the racial unrest in the U.S. South into a powerful Negro nationalist movement.

Communism's new line, according to Western intelligence authorities, is to link the U.S. Negro's fight for desegregation with the African Negro Nationalism.

At Bautzen the Communists are training squads of African Negro agitators who, after completing training in East Germany, will

return to their home countries to await infiltration into U.S. Negro population centers.

THOUSANDS OF AFRICANS

Trainees are recruited from African "students," several thousand of whom have been brought to East Germany on "scholarships." They include Guineans, Ghanaians, Congolese, Liberians, and Togolese.

An intelligence officer reported "some of those now being trained in East Germany will be going to the United States, sooner or later, in various official capacities for the new governments in these African countries, and the rest are to be infiltrated by various means."

The Bautzen center is reported to include several American Negro Communists, according to some estimates as many as 15. It appears that some are deserters from the U.S. military forces. The rest have either visited Europe on tourist status and then slipped into East Germany or have made their way to East Germany from Africa and Asia, where they had been working as technicians or as students.

A propaganda publishing house is being operated in connection with the Bautzen center. It is printing material for distribution in Negro lands calling for solidarity with the U.S. Negro and the building of a worldwide movement to free the Negro race from white domination.

Intelligence officials attribute the Communist exploitation of U.S. racial tensions to Gerhard Eisler, the former No. 1 American Communist who is now an East Germany propagandist.

Eisler began urging establishment of such a U.S. Negro propaganda training center at the time of the Little Rock school integration riots in 1957. There was considerable skepticism concerning the scheme within the East Germany Communist Party, however, and nothing was done until 6 months ago.

The Congolese blowup together with the simmering U.S. racial tension helped Eisler win approval for "the Institute for the Advancement of the Negro Race."

Eisler's basic strategy, according to intelligence analysis, is to exploit white resistance in the U.S. South to desegregation by Negro nationalism. (Record-North American Newspaper Alliance.)

Mr. JOHNSTON. The Communists in East Germany have specifically opened a school in which to train individuals in the art of stirring up agitation among the American Negroes. This center, according to the article, is located in the city of Bautzen. The Communists, according to the article, are training squads of African Negro agitators who will return to their home countries and await an opportunity to infiltrate into the United States, where they will infiltrate into Negro population centers and begin fomenting strife to embarrass, harass, and humiliate our Nation in the eyes of free people. In addition to African Negroes, the Communists are reported to be training American Negro Communists and deserters from U.S. Military Forces. Gerhard Eisler, the former No. 1 American Communist, who is now one of East Germany's foremost propagandists, is in charge of the program and his basic strategy is to exploit resistance to desegregation in the southern part of the United States and convert this resistance into a Negro nationalism movement.

Without going any further, I think it is obvious that the persons behind, and who are participating in the freedom riders movement, whether they like it or not, are doing the work which the East

Germany race agitation school is training people to do. If the outside agitators do not leave the South alone and stay out of the South, and allow the southern people to work out their race relations in an amicable fashion, then I, for one, do not see why the Communists even bother to have a school to train people how to create agitation among the races of this country.

Whether the freedom riders realize it or not, there is a Communist conspiracy behind the movement. The official record to show the Communist affiliations of some of these freedom riders has already been placed into the CONGRESSIONAL RECORD, so it is not necessary for me to include it again at this time. It is available to anyone.

However, in further substantiation of the fact that many of these people are Communist-influenced and indoctrinated, I would like to include in the RECORD at this time an article from the Charleston News and Courier of Tuesday, June 6, 1961, headlined "Riders Questionable to Chicago Minister."

The essence of this article is that a young white Chicago minister quit the freedom rider ranks Monday, saying:

I will not knowingly associate with any questionable organization.

In the article he advised anyone thinking of joining the riders to look them over carefully before deciding to do so.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NEGRO PROGRESS REPORT SUPPRESSED

(By Roulhac Hamilton)

WASHINGTON.—Objections of a lone Negro member have caused the Civil Rights Commission to suppress an official report showing substantial Negro progress toward full citizenship, in the South and elsewhere, before enactment of the civil rights laws of 1957 and 1960, it was learned Wednesday.

The report was prepared at the direction of the full Commission. After the Commission's staff had compiled heavily documented evidence of Negro advances without help of the recent laws, the Commission voted to suppress the report.

The News and Courier's special correspondent in Washington learned Wednesday that the suppression resulted from the objections of George M. Johnson, the Commission's only Negro member at the time. Johnson, a Howard University law professor and a legal aid of the National Association for the Advancement of Colored People, was serving on the Commission as an interim appointee of President Eisenhower.

While Johnson was the junior member of the Commission, his objections to publication of the report prevailed. The five white members of the Commission knuckled under to the NAACP spokesman's belief that it would be "unwise" to publish a report showing significant Negro gains, particularly in the South, prior to the 1957 rights law.

The Commission staff, the News and Courier's correspondent learned, spent more than 2 months compiling the 25-year record.

By August 1 of last year, the report, "Civil Rights, 1960: A Progress Report," was ready to show, in some 75 pages, where advancement had been made in the Federal Government, State governments, and city governments, by the Negro. Much documentation was provided.

The report dealt primarily with the South. It found that through the Nation, "one of the most notable marks of progress has been the ever-increasing participation of Negroes

and members of other minority groups in the processes of government."

But it said, in some detail, that one of the most significant facts in the progress of the Negro in exercise of his political rights, was the increasing number of Negroes elected to public office at various levels in the South.

Sources within the Commission staff said this portion of the report may have been the reason for the objections of Commissioner Johnson—and presumably of NAACP—to publication of the report. The section appeared to provide solid evidence that political rights are not denied southern Negroes when they choose to exercise them.

Mr. JOHNSTON. The Reverend Richard Gleason, 24, said he had read of the riders and decided to join them. He flew from Chicago to Atlanta to take part in the rides. After his arrest and conviction in Jackson, Miss., he was informed by the police as to the character and records of some of his fellow riders. The Reverend Gleason then talked to the riders and asked them if these statements were true, and he quotes them as saying:

Yes, what's wrong with that?

The Reverend Gleason further stated that his conversation with other riders involved atheism, communism, and deceit. He said some riders, whom he did not name, said if the Communist party was doing something worthwhile they would join the party.

Mr. President, it is not hard to tie these two articles together and see that these provocations in the South fit exactly into the Communist line. It is also very clear that the people provoking these incidents come from outside the South itself. The people of the South, both white and colored, have worked silently for years, resolving their differences and living in harmony, with mutual respect. The progress they have made has been unprecedented.

In support of this statement, I would like to bring to the attention of Senators at this time another article from the News and Courier, Charleston, S.C., dated June 1, 1961, with a Washington dateline, which reports that the Civil Rights Commission has suppressed an official report showing substantial Negro progress in the South and elsewhere before enactment of the Civil Rights Laws in 1957 and 1960. I ask unanimous consent to have the article printed in the RECORD:

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Charleston (S.C.) News and Courier, June 6, 1961]

RIDERS' QUESTIONABLE TO CHICAGO MINISTER

JACKSON, MISS.—A young Chicago minister quit the freedom rider ranks Monday, saying, "I will not knowingly associate with any questionable organization."

The Reverend Richard Gleason, 24, a white Baptist minister who said he had spent 3 years working with underprivileged and delinquent Negroes in Chicago, told newsmen his conversation with other riders involved atheism, communism, and deceit.

"I advise anyone thinking of joining the riders to look them over carefully (before deciding)," he said.

The neatly dressed minister met with newsmen in police offices. He was one of six persons arrested at a Jackson bus ter-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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HIGHLIGHTS: Senate passed housing bill. House debated Commerce-General Government Matters appropriation bill. Rep. Kyl opposed financing Wool Act by direct appropriations. Sen. Humphrey criticized migratory farm labor program.

SENATE

1. HOUSING. By a vote of 64 to 25, passed with amendments S. 1922, the omnibus housing bill. pp. 9299-9320,9262
2. WATERSHEDS. Passed without amendment S. 650, to amend the Watershed Protection and Flood Prevention Act so as to permit any irrigation or reservoir company, water users' association, or similar organization approved by the Secretary of Agriculture to sponsor works or improvement. p. 9292
3. FORESTRY; LANDS. Passed without amendment S. 848, to authorize the Secretary of Agriculture to convey a parcel of forest land to the town of Tellico Plains, Tenn. pp. 9291-2
Passed without amendment S. 302, to authorize appropriation of an additional \$2 million for the purchase of land within the boundaries of the Superior National Forest, Minn. pp. 9293-4

The Interior and Insular Affairs Committee voted to report (but did not actually report) S. 1647, to provide for an exchange of federally owned lands (including Forest Service lands) at the Cedar Breaks National Monument, Utah. p. D438

The Interior and Insular Affairs Committee voted to report (but did not actually report) H. R. 5416, to include within the boundaries of Joshua Tree National Monument in California certain donated lands used in connection with the monument. p. D438

The "Daily Digest" states that the Interior and Insular Affairs Committee "discussed, but took no action on, S. 174, to establish a National Wilderness Preservation System." p. D438

4. FARM MORTGAGE CORPORATION. Passed as reported S. 1040, to abolish the Federal Farm Mortgage Corporation. pp. 9292-3

5. ROADS. The Finance Committee reported H. R. 6713, to amend certain laws relating to the Federal-aid highway program (S. Rept. 367). p. 9253

6. FARM LABOR. Sen. Humphrey expressed concern for the welfare of migratory farm workers, stated that "these workers who help tend the abundance of our tables have long been the poorest and most neglected in our Nation," and inserted a newspaper editorial, "Protecting the Migrant Workers." pp. 9329-30

Sen. Long, Mo., discussed proposed bills to aid migratory farm workers and inserted an article, "Senator Williams Talks Farm Labor." pp. 9283-5

7. FEED GRAINS. Sen. Humphrey inserted a report of this Department on the signup under the feed grains program, "Final Feed Grain Signup Report Shows More Than 26.6 Million Acres," and stated that "It appears that the feed grain program ... has been a success so far as signup is concerned." pp. 9327-8

8. FOREIGN AID. Sen. Javits inserted an editorial, "Debate on Foreign Aid," stating that indications are that the President's foreign aid program "is running into trouble in Congress." p. 9323

Sen. Humphrey inserted a news release from the office of George McGovern, Director, Food For Peace, reporting on the use of surplus food for refugees and homeless families in 22 different countries of the world. p. 9329

Sen. Gruening inserted an article by John K. Galbraith, "A Positive Approach to Economic Aid," and an article by Justice Douglas, "Errors in the Foreign Aid Programs." pp. 9342-6

9. FARM PROGRAM. Sen. Ellender inserted a La. Legislature resolution opposing passage of the omnibus farm bill. p. 9252

10. LEGISLATIVE PROGRAM. Sen. Mansfield announced that H. R. 6713, the Federal-aid highway bill, will be considered later this week. p. 9320

HOUSE

11. APPROPRIATIONS. Began debate on H. R. 7577, the Department of Commerce and general Government matters appropriations for 1962. pp. 9388-94

Rep. Patman said "I was distressed to learn that H. R. 7577 reduced the appropriation for the Small Business Administration from \$18,447,000 to \$17,525,000." p. 9399

12. TRANSPORTATION. Passed as reported H. R. 6775, to provide for the operation of steamship conferences. pp. 9369-72

Republicans publicly identify him as their progressive spokesman. Democrats privately suggest that he is of their persuasion, spiritually. But they are both right. For Senator GEORGE D. AIKEN is above doctrinaire labels, as the statesman who looks beyond the next election to the next generation is above the politician. We feel fortunate (whoever happens to occupy the White House) that the President must go to such a man for "advice and consent." We feel fortunate that such a man is in our midst to remind today's graduates that there need be no dichotomy between tradition and progress.

Because you, Senator AIKEN, represent the best of both these essentials to our national welfare, we are honored indeed to bestow on you our degree of doctor of laws, honoris causa.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1852) to authorize appropriations for aircraft, missiles, and naval vessels for the Armed Forces, and for other purposes.

HOUSING ACT OF 1961

Mr. HUMPHREY. Mr. President, I ask that the Chair lay before the Senate the unfinished business.

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 1922) to assist in the provision of housing for moderate- and low-income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

Mr. HUMPHREY. Mr. President, I understand the distinguished Senator from Wisconsin wishes to be heard. How much time does the Senator wish?

Mr. PROXMIRE. Six minutes.

Mr. HUMPHREY. Mr. President, how much time remains on the bill?

The PRESIDING OFFICER. The proponents have 50 minutes remaining; the opponents have 19 minutes.

The bill having been read the third time, the question is, Shall it pass?

Mr. HUMPHREY. Mr. President, I yield 6 minutes of the time of the proponents of the bill to the distinguished Senator from Wisconsin.

AUTHORIZING ADDITIONAL FUNDS TO THE SMALL BUSINESS ADMINISTRATION FOR THE DISASTER LOAN PROGRAM

Mr. PROXMIRE. Mr. President, I ask the attention of the Senate for a few minutes today because I find it necessary

to voice my protest against the last amendment adopted on the housing bill in the early hours last Friday morning. It was the amendment which empowered the Small Business Administration to make disaster loans to small businesses displaced by urban renewal, Federal highway building, and other Government programs. The amendment further raised the rate of interest to be charged for such loans and authorized an increase of \$50 million in the funds available to SBA for the disaster loan program.

I want to make my position absolutely clear. I did not oppose the inclusion in the committee bill of the provision for making disaster loans to small businesses displaced by urban renewal programs. The sponsor of the amendment accepted last Friday morning, the distinguished junior Senator from Alabama [Mr. SPARKMAN] spoke to me about his intention to broaden this provision to include highway programs and also to increase the interest rates so as to cover the cost of the money obtained by the SBA from the Treasury plus administrative expenses. The Senator from Alabama also recalls that he told me of his intention to increase the authorization of funds by \$50 million. I have no recollection of that. I do not in anyway question the integrity of my good friend from Alabama. We have worked long and hard together for the welfare of small business in this country, and no one has championed that cause for a longer time or with more effectiveness than he has. No one could for a moment question his intentions in trying to aid small businessmen who lose so much in equity and clientele when they are displaced in the upheaval brought about by urban renewal programs.

But Mr. President, as chairman of the Subcommittee on Small Business, where hearings on this matter were held less than 2 months ago, I know there is absolutely no necessity for increasing the funds which SBA has available for disaster loans. I want to quote from the testimony of Mr. John Horne, the Small Business Administrator, on April 24th before our Subcommittee. The total authorization of funds for the disaster loan program stands now at \$125 million. I asked Mr. Horne how much was in the disaster loan fund as of the end of March 1961. The answer was \$68 million. I then asked what was the greatest amount ever used in any one year from this fund. The answer was that in 1955, the year of the New England floods, SBA had used about \$40 million. This means that if, in the next fiscal year, they were called upon to make disaster loans equal to their worst previous year, they would still have a balance in the fund of at least \$25 million. Mr. President, I ask that the portion of the testimony of the SBA representatives on this point, in the hearings before the Small Business Subcommittee, be printed in the RECORD at this point in my statement.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

Senator PROXMIRE. Let us take a look at the disaster loan fund. How much do you

have in that? What is the margin you have there?

Mr. HANNA. At the end of March we had a balance of \$68 million.

Senator PROXMIRE. What is the greatest amount that you ever used in any one year?

Mr. HANNA. It was approximately \$40 million.

Senator PROXMIRE. Never used more than \$40 million in disaster in any 1 full year?

Mr. HANNA. That is approximately correct. That was in 1955, I believe when we had the floods in New England.

Senator PROXMIRE. So if you take the worst year you have ever had—was what, \$47 million?

Mr. HANNA. It was 1955 fiscal year, Senator, I believe.

Senator PROXMIRE. And how much of that was used?

Mr. HANNA. It was the fiscal year 1956 and \$44 million was used.

Senator PROXMIRE. Out of an authorization of—

Mr. HANNA. \$125 million.

Senator PROXMIRE. An authorization of \$125 million.

Mr. HANNA. As a total disaster loan authorization.

Senator PROXMIRE. And you have \$67 million left, something like that?

Mr. HANNA. Yes, sir.

Senator PROXMIRE. Unless we have a demand on this disaster fund worse than we have ever had you have an additional leeway there of at least \$20 million.

Mr. PROXMIRE. Mr. President, I have subsequently ascertained that while the heaviest drain on the disaster loan fund in any one year was \$40 million, the average expenditures from that fund have been approximately \$14 million per year. This means that in reality the likelihood is that an amount far greater than \$25 million will be in that fund during the next fiscal year.

Mr. President, I realize fully that the amendment adopted provides for a new program that will require more loans. However, I would point out that we have no evidence or experience on which to base an estimate of how much will be loaned. No evidence was offered on the night the amendment was accepted. We do know, however, from the testimony and facts presented by the Small Business Administration itself, that there will be available without further increasing the authorization or appropriation to this fund at least \$25 million, and probably closer to \$50 million, to put this new program into effect.

What is more, Mr. President, I should like to point out to the Senate that the Small Business Administration has asked that all its revolving funds be pooled, so that it can use them where they are most needed when they are most needed. This would mean that from the now segregated funds of the business loan program, the disaster loan program, and the small business investment company loan program, SBA could allocate funds for any of these programs as the need arises.

I believe there is much merit in this proposal; and I have been prepared to give it serious consideration in connection with the small business legislation which is pending this year. It seems to me that it would largely remove the need for increased authorizations for any of the Small Business Administration programs for the next fiscal year.

The amendment to the housing bill accepted last week restricts the increased authorizations to the disaster loan fund. If, however, we subsequently accept SBA's plea for pooling these funds the increase in the disaster loan fund merely becomes a back-door method of increasing their total authorization.

Last week, Mr. President, my staff tried to learn what plans were being made for the amendment which was proposed. They had heard that such an amendment might be forthcoming, but were unable to determine who would offer it or what its exact contents would be.

Therefore, it was with great surprise that I heard it being offered at 1:30 a.m., last Friday morning, at the very end of the housing debate.

In view of what has transpired, Mr. President, I believe Senators should scrutinize very carefully any further proposals in this session, authorizing funds for the Small Business Administration; and it is my intention to exercise such scrutiny with regard to the proposals now before the Small Business Subcommittee.

Mr. President, I yield back the remainder of the time yielded to me.

Mr. ROBERTSON. Mr. President—

Mr. HUMPHREY. Mr. President, let me ask how much time the Senator from Virginia desires to have.

Mr. ROBERTSON. Ten minutes.

Mr. HUMPHREY. Mr. President, I yield 10 minutes to the chairman of the Banking and Currency Committee.

The Presiding Officer (Mr. BURDICK in the Chair). The Senator from Virginia is recognized for 10 minutes.

Mr. BENNETT. Let me ask whether the time yielded to the Senator from Virginia is to be charged to the time under the control of the proponents of the bill.

Mr. HUMPHREY. Yes.

Mr. ROBERTSON. Mr. President, the proposed legislation before us, if enacted, would be the eighth omnibus housing bill adopted in the last 13 years. With authority for up to \$9.2 billion in housing loans and grants, it would be one of the largest pieces of housing legislation in history. Excluding public housing, the authorizations in this bill alone for existing housing programs almost equal all authorizations ever made by the Congress since the same programs were started.

I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks a table showing that all previous housing acts have been in the total amount of \$6,420 million; and that the pending bill includes total authorizations of \$6,090 million, exclusive of \$3 billion-plus for public housing.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. ROBERTSON. Mr. President, enactment of S. 1922 would commit the Congress in advance to underwrite up to \$9 billion in housing loans and grants over many years through either Treasury borrowing authorizations or contract authority.

Both types of authority represent backdoor Treasury financing over which

the Congress would lose control as to the amount and timing of expenditures. Less than \$200 million of this multi-billion dollar bill represent authorizations for appropriations.

Nearly all the bill, in other words, would essentially bypass the normal appropriations process involving annual program reviews. In my opinion, that would not be consistent with the constitutional provision that "no money shall be drawn from the Treasury but in consequence of appropriations made by law."

If S. 1922 were enacted, it would increase the budget deficit in the fiscal year 1962 by nearly one-half billion dollars. Even if this bill fails to become law, housing programs already in existence and included in the bill will require an estimated \$950 million or so in net budgetary outlays. Since S. 1922 is both excessive and inflationary, I urge that it be rejected.

Let us look at some of the details. The bill would authorize \$2.5 billion for urban renewal grants, to last about 4 years.

I may say, though, that we would not have any control over its being spread over 4 years. When we offer money to the cities, we have to pay it once they obligate themselves. We lose control, absolutely, of the sum of \$2½ billion, regardless of how difficult it may be for us to finance various essential national projects. This sum, of course, would be used to improve city real estate.

This outlay would more than double the size of the present program.

Up to \$3.1 billion would be authorized for annual contributions to be paid until the next century for about 100,000 additional units. The maximum of \$3.1 billion would be over and above the \$8 billion which the PHA estimates will be paid toward the existing program in future years to supplement nearly \$900 million expended through this fiscal year. All this will be used to subsidize housing for only about 1 percent of the Nation's population.

Mr. President, I desire to repeat that. For housing for 1 percent of the population, we have already spent or will by the end of this fiscal year have spent, about \$900 million in annual contributions. We are likely to spend an additional \$8 billion over future years for the existing program. And now we are adding up to \$3.1 billion for public housing for 1 percent of the population of this Nation.

That is all backdoor financing. There is no revolving fund involved, which was the hocus-pocus of the RFC when we started backdoor financing. The money is spent in direct violation of the Constitution, which requires appropriations to be passed by Congress. We lose control of the money, because whenever a city obligates itself on units costing \$14,000 each, we have to continue those payments.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. RUSSELL. I am quite an old-fashioned man. Otherwise I would not

ask a question like the one I am about to propound, because in the Senate today there is little difference between \$4 billion, \$5 billion, \$12 billion, and \$20 billion. The Senate no longer reckons any program in terms of dollars. But I have heard this bill described as involving expenditures of about \$6½ billion. Others have said it involves expenditures of \$9 billion. Will the distinguished chairman of the committee that reported the bill set me right as to how much is involved? I know it would not make any difference if there were \$99 billion involved. The Senate would vote it with a "hurrah."

Mr. ROBERTSON. I can understand the confusion in the distinguished Senator's mind. Even so reliable a news agency as the Associated Press has repeatedly described this as a \$6 billion bill, completely ignoring the fact that there is a maximum of \$3 billion provided in the bill for public housing. How they can call it a \$6 billion bill, I do not know. When we provide for 100,000 public housing units in the bill, and when we obligate the Congress to appropriate a total of \$76 million a year for more public housing, estimated to be 100,000 units at \$14,000 each, it becomes a nine-plus billion dollar bill. That is contrary to what the news agencies have been freely calling it, a \$6 million bill.

Mr. RUSSELL. Unfortunately, I am so old-fashioned that \$9 billion to me still seems to be a considerable amount of money.

Mr. ROBERTSON. The Senator can look at the committee report. Nobody on the committee has ever claimed it was solely a \$6 billion bill. I do not know who gave the information to the press, but evidently the press service that sent out the stories on it did not read the committee report.

To continue with my statement, under the bill, the Federal Government would tend to promote—not home saving and home ownership—but home borrowing and home spending, nearly all at the expense of greater risk to the Federal Government. Furthermore, portions of the bill would tend to substitute public for private credit, rather than supplement the operations of private lenders. Still other provisions would set up new or expanded programs which would supplant to some degree long-established existing housing programs.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SPARKMAN. Mr. President, how much time does the Senator need?

Mr. ROBERTSON. Five minutes.

Mr. SPARKMAN. I yield the Senator an additional 5 minutes.

Mr. ROBERTSON. The proposed 40-year little-equity sales housing program in the bill, despite its amended version, would still make for unsound loans, in my opinion. Currently, so-called moderate income families are now generally eligible for 30-year insured loans under the regular FHA section 203 sales housing program. By extending maturities to 40 years under section 221, the bill would lower the rate at which homeowners save through repaying their

mortgages. Using FHA calculations for the depreciated value of a supposedly typical home property—calculations which appear on page 927 of the hearings—even with a 3 percent downpayment on a 40-year 5¼ percent FHA insured loan, the buyer would take more than 5 years to accumulate an equity of as much as 5 percent. That would merely be enough to pay the brokerage fee if the house were sold then. Under this 40-year program, the lower rate of equity build-up in the early years of occupancy would undoubtedly contribute toward a higher rate of mortgage defaults and foreclosures. Both defaults and foreclosures under present programs tend to be greatest during the first 3 or 4 years that loans are outstanding.

Unwise precedents with regard to FHA insurance procedures would be set under several provisions of the bill. FHA would be given discretionary authority under several programs to pay insured claims in the event of default instead of waiting until after foreclosure, as at present. Under one program, FHA would also have the option of paying in cash, or as at present, in debentures. These precedents would undermine FHA's traditional coinsurance philosophy. Shifting more of the lending risk away from private mortgagees to the Federal Government would encourage unsound lending practices and would increase FHA's need to build up reserves. In one case, the Federal Government could be put directly into the unwelcome business of handling troublesome loans.

These various provisions would establish precedents for turning the entire FHA private insurance type of operation into a public guarantee operation.

I shall not repeat objections I have made elsewhere to the no-equity 20-year home improvement program, the subsidized below-market-rate rental program which would involve indirect Federal lending, and the excessive Federal loan programs in this bill in addition to the FNMA authorization, which total \$3.5 billion. Many of these loans would be made under revolving funds which, once established, would not be dependent for their operations upon congressional appropriations.

The excessive long-range commitments in the bill for Federal housing loans and grants would be added to other long-term commitments of even more sizable amounts. To mention only one, \$26 billion is outstanding in unused authorizations for various programs to expend from debt receipts; in other words, to engage in one form of Treasury backdoor financing. This bill would increase that \$26 billion total by over \$3.4 billion. These sums exclude, of course, grant programs under contract authority—another variety of backdoor financing—such as public housing and urban renewal, which S. 1922 would increase by as much as \$5.6 billion.

Recent new expenditure proposals, such as Federal aid to education, foreign aid, and space exploration, besides many of our existing built-in expenditure programs, suggest a further upward trend in budget outlays. To the extent

that deficit financing continues, the inflation which could result would bear heavily upon us all.

S. 1922, with over \$3 billion for public housing and \$6 billion for other housing

programs, is one more step in the direction of further inflation. The cost to the taxpayers of the pending bill would be unnecessarily large. I oppose S. 1922, and I urge my colleagues to do likewise.

EXHIBIT 1

Program authorizations, S. 1922

[Millions of dollars]

	Type of authority ¹	Program authorizations		
		Previously enacted	Committee bill	Total
FNMA special assistance (Presidential allocation)-----	BA-----	950	750	1,700
Loan programs:				
College housing loans-----	BA-----	1,675	1,350	3,025
Public facility (including mass transportation) loans-----	BA-----	150	150	300
Housing for the elderly loans-----	AA-----	50	50	100
VA direct housing loans-----	BA-----	1,575	1,200	2,775
Subtotal-----		3,450	2,750	6,200
Grant programs:				
Urban renewal grants (with \$50,000,000 for mass transportation).-----	CA-----	2,000	2,500	4,500
Urban planning assistance grants-----	AA-----	20	80	100
Public housing: ²				
Annual contribution-----	CA-----	(336)		(336)
Demonstration grants-----	AA-----		10	10
Subtotal-----		2,020	2,590	4,610
Total, housing-----		6,420	6,090	12,510
Plus Small Business Administration disaster loans to businesses displaced by federally aided construction programs.		125	50	175

¹ BA (Treasury borrowing authorization); CA (contract authority); AA (authorization for appropriations).

² The bill would restore \$336,000,000 annual contributions authorization contained in the Housing Act of 1949. The current limit on this authorization is \$257,000,000.

Mr. ROBERTSON. Mr. President, I yield back the remainder of my time.

Mr. SPARKMAN. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER (Mr. McGEE in the chair). The Senator from Alabama has 31 minutes remaining.

Mr. MOSS. Mr. President, will the Senator from Alabama yield me not to exceed 10 minutes?

Mr. SPARKMAN. Mr. President, I yield not to exceed 10 minutes to the Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. MOSS. Mr. President, I rise to say a few words about the housing bill. I am not a member of the Banking and Currency Committee, and since I did not participate in the hearings on the bill, I have not entered into the floor discussion.

I am sure that none of us unreservedly supports every provision of this bill. Even the distinguished Senator from Alabama [Mr. SPARKMAN] has admitted that he does not agree with the bill in all particulars.

But let us not forget that the real effect of the measure before us will be simply to extend many of the programs which have given millions of Americans the chance to own their own fine homes, to own a piece of America, or to rent an adequate home or apartment, and which have handed private enterprise a chance for tremendous and profitable expansion.

The principal objections to this bill are the same as the objections we have always heard to housing bills, and they come from the same sources. The main controversy, of course, has centered

around title I, because it would establish three new programs of mortgage insurance under the Federal Housing Administration.

Under this title private enterprise would be encouraged to participate to the maximum extent in meeting the housing needs of families whose incomes are too low to now buy or rent respectable private housing, yet who do not qualify for public housing. About one-fourth of the families of the Nation fall into this housing gap—and we have never extended sufficient home-buying opportunity to them.

The program broadens the 40-year, low-interest mortgage insurance program of the FHA. The downpayment requirement would be the same as for families buying higher priced homes. But the 40-year payout period and the lower interest rate would make the monthly payments smaller, and would give people of moderate income an opportunity to buy a good house at a rate they can afford to pay.

I do not agree with the dire charge that the program will endanger the economic soundness of the FHA. It is true that the risk may be greater in the longer term loans. Some families will not stay through the full payout period—some will leave in 2, 3, or 4 years.

But it is plain disregard of facts to talk as though one who has a contract under this title would be free to walk out at any time. The experience with the other programs shows that the houses can be sold again—usually with no loss. And the buyer will have legally obligated himself in the same way as all other buyers; if he is in default, judgment can be secured against him in the courts, and

he can be pursued, his wages garnisheed, and other appropriate action taken.

The same charges of unsoundness were also heard when the FHA was established—and it has always paid its own way. These things were said of the GI program. We were told that the GIs were a restless lot; that they had not put down their roots; that they would not take the long contract terms seriously.

None of the predictions have come true. But if they do in the present case, the Congress can and will amend the program before any extensive damage is done. And the bill contains other desirable features.

To my mind, one of the best is that it is moving away from heavily subsidized public housing to less heavily subsidized low-cost private housing. My State of Utah has never felt a need of the public housing program, and has never passed enabling legislation. I believe this new approach will be more valuable to us. And it moves in the direction of more individual ownership and a larger role for private enterprise—things those on the other side of the aisle dearly love to talk about.

I also like the fact that this measure before us will give impetus to the college housing program, which is very popular in my State, and to the housing-for-the-elderly program, which has unchallenged merit.

I sincerely hope, Mr. President, that this bill will be passed, and with a substantial majority. I also hope that the House will accept title 1 as it is contained in the bill. It is a realistic effort to help moderate-to-low-income people acquire housing through private enterprise.

We are proud of our standard of living, of our expanding economy, of our prosperity—of what we like to call our economic progress. Yet what is this progress for, if it is not to give more and more Americans a chance at a better, more comfortable life? I cannot understand the point of view of those who, in the face of the record of the soundness of past housing programs, would deny to this group of our citizens this opportunity to advance themselves.

Mr. President, the bill is being referred to in the newspapers in Utah as the most extravagant housing bill in history. I have a newspaper clipping which states "\$9.3 billion will be spent on public housing," and further states "\$6.5 billion would be spent on Federal grants for slum clearance, college housing, and other programs."

I should like to ask the chairman of the subcommittee [Mr. SPARKMAN] if it is true that the bill will cost \$9.3 billion, and if the money will be spent and will be gone?

Mr. SPARKMAN. Mr. President, at my request the staff of the subcommittee prepared a table to show the total authorizations of this bill and the impact on the budget for the fiscal year 1962. I shall submit this table later on.

The total amount involved in the bill is \$6,140 million. I invite the attention of the Senate to the fact that this amount includes \$2½ billion, spread over a period of years, for urban renewal.

It includes \$1,350 million, spread over a number of years, for college housing. It includes also \$1.2 billion for veterans' direct loans, spread over a period of years, phasing out the veterans' loan program.

I think it is very material that these big individual programs be kept in mind, because these programs contribute so much toward building up to the total of \$6,140 million.

Mr. MOSS. Money made available to guarantee loans is money that will eventually be returned.

Mr. SPARKMAN. Yes; and under the bill \$3,550 million would fall in that category.

Mr. MOSS. That amount is money which will be repaid.

Mr. SPARKMAN. That is correct.

Mr. MOSS. It is true, is it not, that during the existence of FHA the Federal Government has not actually lost any money under the loan features of the act?

Mr. SPARKMAN. That experience is true not only with reference to FHA, but also with respect to a good many of the housing programs. I have a table which shows that experience. The net budget expenditures cumulative to June 30, 1960 on all housing programs, including public housing, and excluding only wartime, emergency, and the atomic energy housing, which never were a part of our regular housing program, totaled \$5,199,900,000. The Government's equity on all those programs totals \$5,696,300,000, which shows a net profit. I ask the Senate to remember that these figures include both public housing and urban renewal, under which program money is expended, and upon which there is no net return.

Over the period of time stated, the net surplus on all the housing programs has been \$496,400,000.

Mr. MOSS. I thank the distinguished chairman of the committee. I believe the point he has stated is one we should keep in mind.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. LAUSCHE. Will the Senator explain the difference between the figure stated by the Senator from Virginia, which was \$9,300 million, and the figure stated by the Senator from Alabama?

Mr. SPARKMAN. I believe I can explain the difference.

The PRESIDING OFFICER. Ten minutes of the time of the Senator from Alabama have expired.

Mr. SPARKMAN. Mr. President, how much additional time does the Senator from Utah require?

Mr. MOSS. Mr. President, may I have 2 additional minutes?

Mr. SPARKMAN. I yield 2 additional minutes.

First, the question of the Senator from Ohio concerns the item of public housing, with respect to which there is an authorized annual contribution of \$79 million. This figure however is always an uncertain one. The figure stated is the maximum, and we never know how much will be used. Past experience has indicated that somewhere in the neigh-

borhood of two-thirds, or 70 or 75 percent of the contract amount is actually expended. If the Senator will compute that amount over a period of 40 years, he will arrive at the difference between the figures he suggested. I believe the Senator from Virginia explained that point in his statement.

Mr. MOSS. I thank the Senator. The point I wish to make is that instead of spending vast amounts of money, as is charged, we would really make an amount of credit available. The money is returned to the Federal Treasury. We do not spend the money; we merely guarantee loans on housing. I believe it has been one of the great programs of America.

I congratulate the Senator from Alabama for his leadership in connection with the bill now before the Senate, which I hope will be passed this afternoon.

Mr. SPARKMAN. I thank the Senator from Utah.

Mr. HOLLAND. Mr. President—

Mr. SPARKMAN. How much time does the Senator from Florida desire?

Mr. HOLLAND. Twelve minutes.

Mr. SPARKMAN. Mr. President, I yield 12 minutes to the Senator from Florida.

Mr. HOLLAND. I understood that the time was to be yielded by the other side. I do not wish to take the time of the Senator from Alabama, since I shall oppose his position.

Mr. ALLOTT. On behalf of the minority leader, I yield 12 minutes to the Senator from Florida.

Mr. HOLLAND. Mr. President, since I shall vote against S. 1922, as amended—the Housing bill which is now before the Senate for final passage—I feel that it is appropriate to state for the record the principal provisions which, in my judgment, are so unwise, extravagant and indefensible that I feel duty bound to oppose the passage of the measure. Before doing so, however, may I state briefly that I feel that the Senate, by its action on many of the amendments proposed, has either improved the bill from the form in which it came from the committee, or else has rejected addition to the bill of provisions which, to me, would have made the measure even more intolerable.

Among the amendments adopted by the Senate during debate which I think improved the bill are the following:

First. The amendment eliminating the extremely ultraliberal provision of the bill which for 2 years would have required from moderate income families no down payment whatever on 40-year loans for single-unit houses of not to exceed \$15,000 in value. In my judgment, this no-downpayment proposal—which no Senator would have permitted if he were making a private investment of his own capital—which differed so greatly from any former provisions of the housing program throughout the years of its existence, was thoroughly impractical and even socialistic. It would have resulted in giving unjustified preference to a large number of citizens who would have secured this type of loan within the next 2 years on

terms which would have not only discouraged thrift, pride of home ownership and independence, but would also have discriminated heavily against hundreds of thousands of other citizens in the same income bracket who have acquired their homes under the standard FHA program at existing rates of interest and on a 30-year basis or less.

Second. The amendment striking from the bill the proposed \$100 million to assist unnamed cities in purchasing open space through back-door Treasury financing. This action wisely eliminated a potentially vast new field of spending and one in which political favoritism was invited.

Third. The amendment barring public housing authorities and other public agencies from participating in the multiple unit, no-downpayment, 40-year, 3½ percent interest feature of the bill.

In addition to the three amendments just mentioned and other helpful ones, the Senate wisely rejected several amendments which would have made the bill even worse, in my opinion, two of which I mention:

First. Since the allocation of the urban renewal program among the several States was not changed, the amendment providing that the Federal Government should contribute three-fourths, rather than the standard two-thirds, of the cost of urban renewal in cities under 150,000 in distressed areas would have penalized the larger cities of over 150,000 in the same States, as well as those cities under 150,000 which were not classified as distressed areas.

Second. The amendment extending the Veterans' Administration direct Federal loan privilege to veterans in cities and all other areas throughout the Nation could have placed the Government in direct competition with all commercial lending agencies instead of confining said direct loans, as always heretofore, to those rural areas where the commercial agencies do not extend their lending activities.

There are, of course, some good features in this omnibus bill which time does not permit me to mention. Some of these I would gladly support if they were separated from the extremely extravagant provisions which I cannot approve. There are also more bad features than I am able to list in my limited time, though I do wish to mention at this time four of said features which I regard as especially bad:

First. One of the worst features of the bill is that it extends full Federal insurance to housing loans for moderate income families for either new or rehabilitated multiunit housing at interest rates of 3½ percent for 40 years and without any downpayment. In my judgment, this will result in the construction or rehabilitation of many substandard apartments or tenements which fail by a great deal to realize the national purpose, which is to help American families to secure adequate homes. Such a provision discourages thrift, encourages irresponsibility, and will result in the Nation having to ultimately acquire a large part of such undesirable housing at great loss and without ac-

complishing the desired purpose. This will extend to many millions the present no-equity program which was designed to serve a relatively few families which have a strong moral claim on our Government by reason of their having been displaced by urban renewal or other public action.

The laudable purpose of those Senators who supported this program was to serve what they call moderate income families, which term is not described in the bill, though it is stated in the debate to cover families of income from \$4,000 to \$6,000 per year. When one looks at the hundreds of thousands of modest attractive homes which have been purchased by families in this same income bracket throughout our Nation under standard FHA procedure, by thriftily saving their money and making the small downpayment, and agreeing to pay interest rates for up to 30 years at prevailing rates, I cannot help but wonder how these millions of good citizens will feel when they realize that under the so-called experimental program incorporated in this bill many thousands of other families will be allowed, in the next 2 years, to secure living quarters by agreeing to pay 3½ percent interest for 40-year terms, without downpayment, in the case of multiple unit homes.

Second. The bill would add to the urban renewal program \$2.5 billion of additional Federal grants, which would more than double the size of the existing program to a total of \$4.5 billion. To make bad matters worse, this \$2.5 billion additional program would take the form of contract authority, which is a type of back-door Treasury financing, in which Congress loses control.

Third. This bill would also authorize approximately 100,000 units of public housing which would cost \$3.1 billion in Federal grants and commit us to a heavy added program for the next 40 years. This, too would be financed by back-door methods, which would supply subsidized housing to a relatively few families throughout the Nation at the expense of all taxpayers. Already, in fiscal 1961, more than \$151 million will be required on the existing public housing program.

Fourth. One of the most objectionable features of the bill, to me, is that it will provide \$50 million for use at the sole discretion of the Administrator of HHFA, to be used as grants to unnamed cities, of his selection, to make experiments in mass transportation demonstration projects. One could hardly conceive of a program more susceptible of political misuse than this, which, by the way, has no direct connection whatever with housing.

Mr. President, I shall summarize the meaning of this bill, in tax dollars, to the overburdened taxpayers of our Nation at a time when we are trying to fight off further inflation and concentrate our efforts and our expenditures in solving extremely critical international problems involving our security and, possibly, our very existence. I feel that I should state the totals of loans and grants of Federal money to which this bill will commit the American people.

As to loans, this will commit us to lend over \$3.5 billion; that is, to make expenditures in the total amount of over \$3.5 billion in the near future on a basis of hoped for repayment over a period of many years, some of the loans being repayable over periods of as many as 40 years. As to grants, this bill will commit our Nation to a total of \$2.64 billion in grants without considering our grants for public housing, which will add a total of \$3.1 billion in grants for that purpose, with the possibility of some small reduction in this huge schedule of grants for public housing.

I may say on that matter that on inquiry of the able staff of the committee, I have been informed that what they were hoping for was that the 100 percent grants would be reduced on the average to about 85 percent.

The stark fact is that this bill will commit us to approximately \$9.3 billion in additional Federal loans and grants for housing without figuring the contingent liability which will accrue from the huge total of Federal insurance which will be issued on all phases of the insured housing loan program, and this liability should give more concern as our lending programs become more liberal and less sound.

I am not prepared to vote for this huge addition to our national financial burden and I doubt whether any considerable portion of the American people, if they knew the facts, would want us to go into this vast undertaking at a time when the Nation is already carrying such heavy burdens and is confronted with the necessity of assuming an immense additional load in the near future for the purpose of assuring our defense and our continued existence.

Mr. President, I wish that I could feel there were a real chance of our defeating this extremely bad bill.

Mr. SPARKMAN. Mr. President, I yield 2 minutes to the Senator from Virginia.

Mr. BYRD of Virginia. Mr. President, the Federal Government of the United States has been subsidizing or underwriting the housing industry and its allied activities for more than 25 years.

Through last June 30 a gross total of \$115 billion in Federal appropriations, and credit of the United States, had been used for this purpose. Subsidies in the current year will bring the total to nearly \$120 billion.

Yet, the committee report on the pending bill, S. 1922, would have us believe that the situation is worse now than it was when Federal housing programs were started; and from observation, audits by the Comptroller General, and analysis of the numerous so-called housing bills, I should not be surprised if this were true.

I regard the so-called housing bill now before the Senate as the worst bill on this subject ever proposed during the more than a quarter of a century of legislation in this field.

It embraces all of the objectionable features in both of the housing bills of 1959 which were vetoed by the Presi-

dent; in fact this bill goes far beyond those proposals.

In his message of July 7, 1959, vetoing S. 57 of the 86th Congress, the President said in part:

1. The bill is extravagant and much of the spending it authorizes is unnecessary.
2. The bill is inflationary.
3. The bill would tend to substitute Federal spending for private investment.
4. The bill contains provisions which would impair FHA's soundness.

In his message of September 4, 1959, vetoing the second housing bill of that year, the President said:

At a time when critical national needs heavily burden Federal finances, this bill would start new programs, certain to cost huge sums in the future, under which taxpayers' money would be loaned, at subsidized interest rates, for purposes that could be better met by other methods.

I wish to be recorded as opposing the pending bill for at least 20 reasons:

First. The bill would authorize \$3,-450 million in back-door spending, through expenditures from the Federal debt.

Second. It would authorize \$2,600 million in side-door spending, through contract authorizations.

Third. The bill would authorize direct appropriations totaling \$140 million for expenditure in specified programs, plus open-end appropriation authorizations of "amounts necessary" to cover expenses and losses in at least two new programs.

Fourth. It would remove the dollar ceiling, and leave without limit, FHA authority to insure general housing mortgages.

Fifth. The bill would set up three new programs of so-called grants-in-aid to States and localities, in addition to the 60-odd programs through which the Federal Government is already spending more than \$7 billion. Those who are lured into the trap of thinking Federal grants do not come from their own pocketbooks forget there is no other source of Federal revenue.

Sixth. The bill would establish a whole series of unsound financing arrangements under provisions designed to use FHA mortgage insurance not only for new construction but also for repair and rehabilitation of old structures.

Seventh. The bill would permit the purchase of low and moderate cost housing with 100 percent, FHA-insured, 40-year mortgages with no downpayment.

Eighth. For some rental housing the bill would authorize the FHA Commissioner to insure mortgages indefinitely, in excess of 40 years.

Ninth. The bill would provide additional Federal subsidy for rental housing under provisions permitting FHA insurance of mortgages bearing interest below the market rate.

Tenth. The bill also authorizes the FHA Commissioner to control the rents and operations in some of these projects constructed with mortgages bearing interest below the market rate.

Eleventh. Under terms of the bill the FHA insured mortgages on big multi-family rental projects could be increased to pay for losses incurred during the first 2 years of operation.

Twelfth. The solvency of FHA would be impaired further by provisions authorizing the FHA Commissioner to reduce insurance premiums, and in some cases to waive them entirely.

Thirteenth. The bill would permit FHA insurance on at least two new programs under which projects would be specifically exempt from the test of economic soundness.

Fourteenth. It would also permit FHA insurance, with little or no security, of loans for extensive home improvement and repair as high as \$10,000 per unit for 25 years.

Fifteenth. The bill would permit FHA insurance of mortgages for experimental housing, and authorize the FHA Commissioner to spend available funds as necessary to correct defects and failures.

Sixteenth. The bill would authorize FNMA to spend an additional three-quarters of a billion dollars out of the Federal debt for purposes of buying up poor risk mortgages under existing programs as well as new programs provided in the bill.

Seventeenth. The bill would pledge the full faith and credit of the Federal Government as security for local debt contracted pursuant to urban renewal agreements.

Eighteenth. It would open up vast new areas for Federal so-called assistance in urban areas, including mass transportation and open spaces.

Nineteenth. The bill would go through the useless procedure of extending the Capehart military housing program for another year. The Senate has already rejected this program in the military construction bill.

Twentieth. General housing programs have always been characterized by loose legislation, and over the years the HHFA Administrator and the FHA Commissioner have been given more and more discretionary powers. This bill contains 89 pages, and there are at least 102 provisions giving additional discretionary power to these Federal housing bureaucrats. I reject the idea of Federal czars over the housing industry and allied activities in the United States.

These 20 objectionable features in the pending bill constitute good and sufficient reason to oppose the bill. There are more; they become obvious as we analyze the bill. I ask unanimous consent to have such an analysis inserted in the RECORD, at this point, as part of my remarks.

In addition, I ask unanimous consent to have published in the RECORD, following this analysis, first, a tabular presentation of authorizations for Federal expenditures and use of public credit contained in the bill, and second, a tabular presentation entitled "Summary of Public Credit and Money (Gross) Used Under Federal Housing and Related Programs, 1933 to June 30, 1960."

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ANALYSIS OF HOUSING ACT OF 1961 (S. 1922)

TITLE I—NEW HOUSING PROGRAMS

Section 101 establishes new FHA insurance program for low and moderate income families and displaced families by rewriting the

old FHA section 221 housing insurance program. Designed to assist private industry in providing housing for these groups, the program is described by the committee as experimental and as a new and untried approach. The bill does not define moderate income. This liberalized program, which the committee itself suggests should be reviewed in 2 years, would provide housing generally in three ways:

1. Sales housing (1-4 family)—market rate: 40-year, no-downpayment, 100 percent mortgages for new construction up to \$38,000; and similar mortgages to cover full cost of repair, rehabilitation and refinancing of existing structures. Such mortgages insured at going market rate of interest not over 6 percent.

2. Rental housing (5 or more units)—market rate: 90 percent mortgages up to \$12.5 million for new construction; and similar mortgages to cover 90 percent of cost of repair, rehabilitation and refinancing of existing structures. Term of mortgages would be prescribed by the FHA Commissioner, and could exceed 40 years, at going market rate of interest not over 6 percent.

Below market rate: New program of insurance for mortgages bearing interest below going market rate, sponsored by non-profit organizations, limited dividend corporations, public bodies or agencies, or co-operatives. Mortgage insurance up to 100 percent, up to \$12.5 million for new construction; and similar insurance for repair, rehabilitation and refinancing of existing structures. FHA Commissioner, at his discretion, would be authorized to:

(a) Approve reduced interest rate to a minimum of the average on U.S. marketable obligations (presently about $3\frac{1}{8}\%$);

(b) Eliminate FHA insurance premium, reduce it, or impose a premium charge for part of life of mortgage;

(c) Establish and enforce maximum rentals and certain management practices.

Further, such mortgages would be eligible for purchase by FNMA under its special assistance functions, and the report acknowledges they would probably be held in the FNMA portfolio. FNMA would be authorized to buy up such mortgages on projects sponsored by governmental instrumentalities. Appropriations would be authorized to reimburse FHA for any expenses and net losses sustained.

Section 102 establishes new FHA general mortgage insurance program for home improvement and repair loans, both within and outside urban renewal areas. The program is designed to provide financing for the more extensive home repairs that can not be financed under the FHA title I home improvement program. Such loans could be insured up to \$10,000 up to 25 years, per family unit. Outside urban renewal area 1-4 family structures only are covered; inside urban renewal area there is no such limitations. Some other significant points include:

1. Eligible borrowers may include long-term lessees.

2. Test of economic soundness need not be met for loans within urban renewal areas; outside urban renewal areas economic test may be waived in so-called gray areas where HHFA approves community rehabilitation plans, according to committee report.

3. Committee contemplates insurance on loans with no security other than signature, except in cases of larger, long-term loans where the FHA Commissioner may require adequate security. Adequate security is not defined, except that committee suggests co-signer pledge of future annuities, etc.; or the loan shall be junior if the property is security.

4. As special inducement to lenders, loans are made eligible for purchase by FNMA. In case of properties in urban renewal areas, loans would be purchased under FNMA special assistance authorization.

Section 103 establishes new FHA insurance program for mortgages on experimental housing projects, both sales and rental. Program contemplates projects involving advance designs and technology, new and untried materials, etc. Projects would not have to meet the economically sound requirement, but at FHA Commissioner's discretion may be acceptable risk. Bill authorizes FHA Commissioner to expend available funds to correct any defects or failures caused by use of advanced techniques under this program; and FHA would be authorized to make investigations, reports, analyses, etc., relative to use of these advanced techniques.

Section 104 establishes new FHA program to permit mortgage insurance for individual ownership (outright or long-term leasehold) of family units in FHA insured multifamily structures (except 213 co-ops). Mortgage would include undivided interest in the common areas and building facilities, and the FHA Commissioner would be authorized to take whatever steps he determines to be necessary to protect owners and other occupants of the structures. This so-called condominium insurance could run from 70 percent to 97 percent of the appraised value of the unit, depending on the value, and an individual would be allowed mortgage insurance for the purchase of up to 4 such units. The bill would leave to the discretion of the FHA Commissioner the terms and conditions of the mortgages, and it is not clear as to the length of time they may run, nor is it clear what other terms and safeguards would be prescribed.

TITLE II—HOUSING FOR ELDERLY PERSONS AND LOW-INCOME FAMILIES

Housing for the elderly

Section 201 amends the existing direct loan program (98 percent, 50-year 3½-percent loans to private nonprofit organizations), to extend it to include projects sponsored by public bodies or agencies and consumer co-operatives. The bill would increase the authorization for appropriations from \$50 million to \$100 million, and would remove the present limitation of \$5 million on the amount which may be used for related facilities. The committee expects this will result in increased use of program, and facilitate administration.

Public housing

Section 202 removes requirement from existing law that disabled persons be at least 50 years of age, and substitutes no age limits.

Section 203 directs HHFA Administrator and PHA Commissioner to encourage the acquisition and repair, rehabilitation or remodeling of existing structures for low-rent housing, rather than new construction wherever possible.

Section 204 authorizes additional low-rent subsidy of up to \$120 a year for each dwelling unit occupied by elderly families. Federal annual contributions would be increased accordingly as necessary to keep the project solvent.

Section 205 authorizes the PHA to contract for additional public housing units, approximately 100,000, up to the limit of the existing PHA authorization to make annual contributions (\$336 million). The section would alter the limitation on the number of units to 15 percent per State on the basis of the remaining balance of units (rather than 15 percent of total units), for new commitments.

Section 206 eliminates existing Federal law which prescribes in detail standards for tenant eligibility and preference. The substitute language would, as the report says, "create greater flexibility in the public housing program by requiring greater responsibility for administering the program at the local level." The bill provides that:

1. The local public agency shall set income limits for occupancy, with prior approval by PHA;

2. The local public agency shall set its own policies and priorities for admission, as the report says, "in such a way as to best meet * * * particular local problems;" and

3. Allow local public agencies to permit over-income tenants if they pay "appropriate rent" and are unable to find other suitable housing.

Section 207 authorizes appropriations of \$10 million for grants to public or private bodies or agencies, to "explore and demonstrate the effectiveness and feasibility of any new or untried ideas" with respect to "housing and a suitable living environment for low-income persons and families." The bill is not specific as to the nature of the grants, but the report lists several of the "interesting possibilities," including direct payments to low-income families, social services, etc.

Section 208 increases the per room limitation for Alaska public housing and units designated for elderly persons from \$2,500 to \$3,000.

TITLE III—URBAN RENEWAL AND PLANNING

Section 301 permits pooling of local non-cash grant-in-aid credits earned in projects assisted under both the two-thirds and three-fourths formulas for Federal grants. This provision is obscure, but Committee reports says, "The adoption of this section should encourage more localities to adopt the alternative three-fourths capital grant formula, which reduces Federal supervision and paperwork that now add to the Government's administrative costs."

Section 302 pledges the full faith and credit of the Federal Government as security for local public agency borrowings from the public, where such borrowings are secured by a Federal loan contract.

Section 303 increases capital grant authorization by \$2.5 billion from \$2 billion to \$4.5 billion. It would reserve \$50 million of this for use in making grants for mass transportation demonstration projects, although such projects need not be part of the urban renewal project.

Section 304 authorizes local public agencies to make relocation payments in excess of the present maximums of \$200 per family and \$3,000 per business, providing the local agency bears one-third of the increased payment as a part of project costs.

Section 304 makes business concerns displaced by urban renewal activities eligible for loans under the Small Business Act on the same liberal terms as catastrophe loans. Committee report notes that additional authorization will have to be made to the Small Business Administration for this purpose.

Section 306 increases the capital grant reserve fund from \$100 million to \$150 million, having the effect of raising the per State limitation for the benefit of States with larger demands for projects.

Section 307 authorizes the sale of urban renewal property to developers of low and moderate income housing projects, at prices which would encourage construction and rehabilitation of this type of housing. The section would further authorize the sale of urban renewal property for public housing purposes at reduced prices.

Section 308 establishes a new rehabilitation demonstration program, which would permit the local public agency to acquire and improve properties within the renewal area for demonstration and experiment purposes, and for resale to private owners.

Section 309 allows 30 percent of the new urban renewal grant authority to be used for nonresidential purposes, instead of present 20 percent limitation.

Section 310 allows urban renewal projects to claim credit for hospital expenditures

within the area, as well as college and university expenditures, in computing the local noncash contribution. Allowance also would be made for costs of rehabilitation.

Section 311 increases the Federal share of urban planning assistance grants from one-half to two-thirds, and increase the authorizations for appropriations from \$20 million to \$100 million. Program would be extended to include highway and mass transportation planning, and provide for assistance to interstate planning agencies.

Section 312 allows donation of approximately 1 acre of land in Knoxville, Tenn., for historical purposes; section 313 would permit construction costs of a certain school in Roanoke, Va., to be counted as local noncash contribution to the local urban renewal project; and section 314 would be primarily technical.

TITLE IV—COLLEGE HOUSING, COMMUNITY FACILITIES, AND MASS TRANSPORTATION

College housing loans

Section 401 increases debt authority by \$1,350 million to \$3,025 million over a period of 5 years as follows: \$100 million upon enactment, and \$250 million a year for the 5 fiscal years 1962 through 1966. The limitations on loans for "other educational facilities" and "student nurse and intern housing" would be increased by \$25 million each. The per State limitation of 10 percent would be increased to 12½ percent of the total loan authority to make more funds available for certain States making the greatest use of the program.

Public facility and mass transportation loans

Section 402 expands the present public facility loan program to include mass transportation in urban areas. The revolving fund for loans would be increased from \$150 million to \$300 million, of which \$100 million would be earmarked for mass transportation loans. Interest on mass transportation loans would be the average Treasury rate on interest-bearing obligations in the debt (presently 3½ percent), the same low rate allowed for college housing.

Section 403 increases the per State limitation on interest-free public works planning advances from 10 percent to 12½ percent of funds available (for the benefit of certain States making greater use of the program), and would allow longer term planning.

TITLE V—AMENDMENTS TO NATIONAL HOUSING ACT

FNMA special assistance authorization

Section 501 increases FNMA "special assistance" authorization to purchase certain special types of mortgages, at the discretion of the President, from \$950 million to \$1.7 billion. Other sections of the bill qualify the new FHA insurance programs (for low and moderate income housing and home improvement loans) for purchase under this authority to support mortgages which are not "economically sound."

Section 502 allows purchase by FNMA of section 213 co-op housing mortgages in urban renewal areas in excess of the present \$17,500 per family unit limitation.

FHA insurance programs

Section 503 contains provision with respect to FHA insurance which would:

1. extend present title I home improvement loan program for 2 years through October 1, 1963;

2. remove dollar ceiling from FHA general insurance authority, and set expiration date at October 1, 1965. (The report makes it clear the Committee does not intend to "eliminate FHA or permit the expiration date to pass without further extension.")

3. extend Capehart military housing program until October 1, 1962, and authorize an additional 12,000 units.

Section 504 authorizes FHA Commissioner, at his discretion, to reduce the FHA insurance premium (presently $\frac{1}{2}$ of 1 percent) on all title II insurance programs. This would include all FHA insurance programs except military and defense housing and title I home improvement loans.

Section 505 amends the big section 207 FHA multifamily rental program to permit "any mortgagor approved by the Commissioner" (including individuals) to be a sponsor; and provide that "exterior land improvements" could be excluded in determining the maximum mortgage amount.

Section 506 amends the section 213 cooperative housing insurance program to allow "exterior land improvements" to be excluded from the per room limitations in determining maximum amount of mortgage; reduce from 8 to 5 the minimum number of units in a project; permit approval of "black-listed" sponsors; and allow "supplemental financing" to repair and improve projects, or provide additional community facilities.

Section 507 allows net losses in first 2 years of operation of any FHA-insured multifamily project to be added to the amount of the insured mortgage.

Section 508 allows mortgage insurance for nursing homes up to 90 percent of replacement cost for new construction or value in case of existing structure. Present mortgage maximum is 75 percent of value.

Technical and conforming amendments

Section 509 contains numerous provisions which the report describes as "technical and conforming". Without going into detail, these amendments appear to extend some of the liberalized features in the proposed new

programs to the existing ones, and to make certain existing provisions apply to the proposed new programs.

TITLE VI—OPEN SPACE AND URBAN DEVELOPMENT

Section 601 sets forth the purposes of the title, as follows: "to help curb urban sprawl and prevent spread of blight, to encourage more economic and desirable urban development, and to help provide recreational, conservation, and scenic areas by assisting preservation of open-space land."

Section 602 establishes a new \$100 million Federal program of grants to States and local public bodies to assist in land acquisition, with Federal share ranging up to 35 percent.

Section 603 sets forth in broad generalities the planning requirements which must be met for approval, and directs HHFA Administrator to take appropriate action "to assure that local governing bodies are preserving a maximum of open space land."

Section 604 prohibits use of assisted open-space land for any other purpose without approval of HHFA Administrator.

Section 605 authorizes additional appropriations for technical assistance, studies, and publication of information.

Section 606 defines, for purposes of the program, the terms "open-space land," "urban area," and "State."

TITLE VII—OTHER HOUSING PROGRAMS

Farm housing

Section 701 extends the farm housing program for 5 years until June 30, 1966, and would allow wider latitude in type of security the borrower must provide in order to obtain a loan.

Home improvement loans

Sections 702 and 703 amend the Homeowners Loan Act and the Federal Reserve Act, to allow savings and loan associations and national banks to make loans under the new FHA-insured home improvement loan program proposed in this bill, notwithstanding the fact that loans would not be insured by first mortgages.

Voluntary home mortgage credit program

Section 704 extends voluntary home mortgage credit program until October 1, 1965.

Lanham Act housing

Section 705 extends for 1 year the period for which the Passyunk war housing project in Philadelphia may be occupied by military and civilian personnel employed in defense activities.

Veterans' direct home-loan program

Section 706 raises the maximum amount of veterans' direct home loan from \$13,500 to \$15,000, and would establish the time limit for eligibility at 10 years from date of discharge plus 1 year for each 4 months' service. The section would extend program to July 25, 1967, for World War II veterans and until January 31, 1975, for Korean war veterans, and would authorize additional borrowings from the debt totaling \$1,200 million over a period of 7 years.

Administrative

Section 707 authorizes HHFA Administrator and the heads of constituent agencies to use salary and expense money to purchase publications, subscriptions, and membership in organizations to receive publications.

Authorizations in Housing Act of 1961 (S. 1922)

[In millions]

	Appropriations	Authorizations to spend from public debt	Contract authorizations	Authority to insure	Total
Federal Housing Administration:				(1)	(1)
General insurance authority (remove dollar ceiling)					(2)
Sec. 221 housing insurance fund (authorizes appropriations for net losses in connection with "below market rate" rental housing insurance program)	(2)	\$50			\$50
Housing for the elderly: Direct loans (authorization increased from \$50,000,000 to \$100,000,000)	10				10
Public Housing Administration: Demonstration program—grants to public or private bodies.					
Urban renewal:					
Capital grants (authorization increased from \$2,000,000,000 to \$4,500,000,000) (including \$50,000,000 for mass transportation)			\$2,500		2,500
Urban planning assistance (authorization increased from \$20,000,000 to \$100,000,000)	80				80
College housing: Direct loans (authorization increased over 5-year period from \$1,675,000,000 to \$3,025,000,000):					
Fiscal year 1961 (upon enactment)		\$100			100
Fiscal year 1962		250			250
Fiscal year 1963		250			250
Fiscal year 1964		250			250
Fiscal year 1965		250			250
Fiscal year 1966		250			250
Community facilities: Direct loans (authorization increased from \$150,000,000 to \$300,000,000):					
Community facility loans		50			50
Mass transportation loans		100			100
Federal National Mortgage Association: Special assistance functions—Presidential authorization (authorization increased from \$950,000,000 to \$1,700,000,000)		750			750
Open space and urban development:					
Grants to States and local public bodies			100		100
Technical assistance, studies and publication of information	(2)				(2)
Farm housing: Direct loans (authority extended 5 years; balance of approximately \$200,000,000 continued available)					
Veterans' Administration: Direct housing loans (authorization increased over 6-year period from \$1,575,000,000 to \$2,775,000,000):					
Fiscal year 1961 (upon enactment)		100			100
Fiscal year 1962		400			400
Fiscal year 1963		200			200
Fiscal year 1964		150			150
Fiscal year 1965		150			150
Fiscal year 1966		100			100
Fiscal year 1967		100			100
Total	140	3,450	2,600	(1)	6,190

¹ No limit.

² Amounts necessary.

Mr. SPARKMAN. Mr. President, I yield 2 minutes to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, it appears that I will not be present when the Senate votes on the pending bill. I have an engagement to be in Akron, Ohio, tonight at 8 o'clock, to deliver a commencement address, and therefore I wish to place myself on record concerning the merits of the pending bill. I will not vote for it. There are aspects of it to which I can subscribe. There are others against which I voiced my protest last week. They are unsound. Several issues were voted upon last week, which I opposed, and on which I was on the losing side. They have led me to the conclusion that, although there are some parts of the bill which I would approve, I nevertheless cannot cast my vote for the entire bill.

Some phases of these new programs are, in my judgment, economically unsound. The \$50 million proposal, supposedly provided to make studies to solve urban commuter problems, is, I think, completely unjustified. There is no delineation of how the money will be spent. It is to be a blank check with no understanding of how the \$50 million will be used. It may be said that \$50 million is not much, but I simply cannot consider the proposal in that way.

I shall vote against the bill. If I am not present at the time of the vote, I hope some arrangement will be made to secure a pair for me. I will try to be present for the vote if the debate is concluded at an early time.

Mr. ALLOTT. Mr. President, I yield 5 minutes to the distinguished Senator from Mississippi.

Mr. STENNIS. Mr. President, due to the limitation of time, I shall be brief in giving my reasons for opposing the enactment of the housing bill, which provides a program involving more than \$9 billion, mostly on credit and on greatly deferred payments.

Parenthetically, I especially wish to compliment the distinguished Senator from Tennessee [Mr. GORE], who was ably assisted by the distinguished Senator from Louisiana [Mr. LONG], in the argument they made a few days ago with respect to the amendment to strike out the 40-year, no-down-payment provision. Their arguments were sound and were presented in the finest way. I spent 19 years in the trial courtroom too. Considering the argumentative weapons which he had at his command, the response of the Senator from Alabama [Mr. SPARKMAN], who has most ably handled this bill, was one of the best responses I ever heard, thus showing that good debate still has a place on the Senate floor. I wish we had more of it.

Mr. President, I am not willing to put the costs of our times, real or imaginary, on the backs of generations to come, rather than on our own. This is exactly what the present housing bill program, as well as many other Federal programs, is doing, chiefly through back-door and side-door financing, which avoids appropriations by Congress and postpones payday. Nevertheless, as certain as night

follows day, someone will have to pay, and with compound interest.

I am willing to vote to increase taxes to meet the real demands of our times, including some housing, if that is actually necessary. My voting record over the years proves this. However, I am not willing that we who are living now should reap the benefits of all this free spending, and then pass the burden thereof to the next generation for the payment of the bills.

Rapidly growing numbers of Government programs of one kind or another are making our people dependent on the Government. The number of Government employees is growing rapidly all over the Nation. People are becoming more and more dependent on the Government, under one guise or another, to solve all the problems of our age. Public housing and privately owned but Government-financed housing, on extremely liberal terms, come to mind as a part of this rapidly growing picture.

This leads me to the thought that possibly within a few decades almost all of our people will be either employed by the Government or subsidized by the Government. This came forcefully to me recently during the morning traffic hours, when I observed thousands of people crossing the streets of Washington on their way to work in the departments of the Government. At the same moment, a large delivery van, marked "Sears, Roebuck & Co.," rushed by. This gave me the added realization that if big business continues to grow bigger, then within the same few decades the only private businesses left will be the huge national and international corporations. By then, the "little fellow" will be out of the way.

I had rather that we go slower on some things and retain the solid foundations of personal independence and individual opportunity to develop. We are traveling down a road which will lead us to total dependence on the Government.

Somewhere along the way, I believe the commonsense of the American people will assert itself, that they will reverse this trend, and thus find their way back.

I do not expect to change any votes by these remarks; I simply wish to leave a few benchmarks. What I say may serve as a benchmark to help some future generation find its way back to individual independence and initiative, which is a law of nature and a law of God, and was the intended foundation of our form of government.

Mr. ALLOTT. Madam President, how much time remains for the opponents?

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). The opponents have 3 minutes remaining.

Mr. SPARKMAN. Madam President, how much time remains for the proponents?

The PRESIDING OFFICER. The proponents have 14 minutes remaining.

Mr. SPARKMAN. I yield 2 minutes to the distinguished Senator from Colorado.

Mr. ALLOTT. I thank the Senator from Alabama. I yield myself 1 additional minute from this side.

Madam President, like the Senator from Mississippi, I feel that I must leave a bench mark as to my feelings upon the housing bill. I feel strongly that the United States is pursuing a fiscal policy which cannot be justified in the light of the world situation. I cannot justify a 40-year program and the interest-subsidy program in connection with multiple housing units. I cannot justify the huge sum placed in urban renewal. I think we should begin to ask ourselves, considering the growth of the program, whether contributions by the Federal Government are not in fact in and of themselves encouraging to move toward more and more Federal aid for urban renewal.

Why should the city worry about slums being created if the Federal Government is standing by to pick up half the tab for the area's renewal and rehabilitation.

I shall have to oppose the bill because I do not believe that 100,000 units of public housing are needed or that there is any possibility that they will be built this year.

I am opposed to the bill because I cannot see the necessity of placing \$50 million in grants in various cities for the purpose of transportation studies. Transportation does not belong in the housing bill. One of the justifications made for this purpose the other evening was the development of the monorail.

I stated at that time that a monorail system has been in operation in Germany for 40 years. Probably very few persons who are concerned with transportation studies have bothered to look at it.

There is nothing new in this phase of the transportation field. The only thing the District of Columbia has been able to suggest by way of new transportation facilities, after spending almost half a million dollars on investigations, is a subway system, something which has been known in this country for almost 100 years.

So, Madam President, while the bill contains provisions which I heartily approve—I do approve of the regular FHA program and of the college housing program—still when the package is presented to me upon a take-it-or-leave-it basis, the only means I have, as a Senator, of expressing my disapproval of some of the proposals—and I express my disapproval strongly—is by voting against the bill. That I shall do.

Mr. DIRKSEN. Madam President, how does the time stand at present?

The PRESIDING OFFICER. The opponents have 2 minutes remaining; the proponents have 12 minutes remaining.

Mr. DIRKSEN. Madam President, I yield 2 minutes to the distinguished Senator from Nebraska.

Mr. CURTIS. Madam President, I shall vote against the housing bill. I supported every amendment which would curtail or lessen the burden of expenditures. There are many reasons why I shall vote against the bill. I do not believe that socialism is a good thing in America. I am unable to find any reason why some citizens should be taxed to provide houses for other citi-

zens, assuming that the other citizens are completely able to buy houses.

There are a few items in the bill which are excepted, and which do not lead to Government or public ownership of houses. I refer to the traditional FHA program, which I support.

The bill is far too expensive. It moves in a direction of greater dependence upon government. It moves in the direction of nationalized housing, just as we are moving in the direction of nationalized education and a destruction of the individual in our federal system of sovereign States within the Nation.

The PRESIDING OFFICER. The time yielded to the Senator from Nebraska has expired.

Mr. SPARKMAN. Does the Senator from Nebraska wish to have additional time?

Mr. CURTIS. I should like to have 1 minute.

Mr. SPARKMAN. I yield 1 additional minute to the Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 1 additional minute.

Mr. CURTIS. Madam President, the United States has many demands upon it in the world struggle against communism. All around us, things are not only crumbling and deteriorating, but the demands made on the United States are becoming greater. The demands made upon the United States in the field of our own defense are becoming greater. It is time that we follow the admonition of the President of the United States in his inaugural address, when he said, in substance, that now is the time, not to ask what our country can do for us, but to ask, "What can I do for my country?"

Madam President, I propose a moratorium on all these new Government social programs, until our budget is in balance and until our country is secure against the Communist threat.

Mr. SPARKMAN. Madam President, I ask unanimous consent that at this time there may be a quorum call, without charging to the time available to either side the time required for the quorum call.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. SPARKMAN. Then, Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SPARKMAN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. Madam President, may I be advised again how much time remains available to our side?

The PRESIDING OFFICER. 11 minutes.

Mr. CAPEHART. Madam President—

Mr. SPARKMAN. How much time does the Senator from Indiana desire?

Mr. CAPEHART. One minute.

Mr. SPARKMAN. Madam President, I yield 2 minutes to the Senator from Indiana.

The PRESIDING OFFICER. The Senator from Indiana is recognized for 2 minutes.

Mr. CAPEHART. Madam President, I ask unanimous consent to have printed in the RECORD, as a part of my remarks, a statement I have prepared on the housing bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR CAPEHART

As I have stated previously during committee and floor debate on the housing bill, I have never voted against an omnibus housing bill in the 17 years I have been in the Senate.

However, I am going to break that record today.

In all of the 17 years I have worked for housing legislation, I have truthfully found all those with whom I have worked on both sides of the aisle sincere in their efforts to effect a housing program sufficient to meet the needs of those who need housing assistance from their Government.

In fact, I found it necessary on occasion to take a position on housing legislation that was contrary to the position taken by my own party's administration when I did not think that administration's position fully met the needs.

By the same token, I opposed the overall demands of this administration's housing bill because it goes far beyond what I sincerely believe to be the needs.

I faced up to the criticisms of my position before and I will face up to the criticisms of my position now. I was belabored in the debate on the housing bill when my party was the sponsor and I have been belabored on this bill sponsored by the opposition party.

Efforts by a few individuals to attach a charge of inconsistency to my policies on housing have been reduced to pure misrepresentation by the record.

I have grave fears that the housing program in this country will eventually be destroyed by the constant pressure to make it the catchall basin for ultraliberal ideas that so often are developed in times of false panic.

During my 17-year record on housing I have fathered a few new ideas, some of which my good friends classified then as liberal. I have always supported sufficient public housing to meet whatever numbers the cities wanted to sponsor.

In fact, I was the author of the first bill which carried the term of urban renewal. I am proud that my name is attached to a military housing program which is definitely a liberal approach by the Government to help its military personnel to have decent housing.

Countless other features in the complex housing program have had my support as they were brought before us in the past 17 years, but only when they were supported by sound and sensible evidence that such changes would improve the program—not wreck it.

I want to remind the Senate that our housing program came near to going on the rocks through the FHA scandals which were uncovered by the Senate Banking and Currency Committee when I was its chairman.

There was a Democratic executive administration at that time, but I applauded then and I applaud now the help I received from the Democratic members of my committee in ferreting out the cause of the trouble.

And we unanimously enacted legislation to correct the situation and thereby saved

the housing program for those who needed and deserved it.

It is a great disappointment to me that today I cannot find in this housing bill enough of the good to outweigh the bad.

The bill the Senate moved to third reading on last Friday morning contains a new and dangerous concept of Federal housing assistance which I consider unconscionable and unnecessary.

The feature I refer to is the new policy of 40-year Government-insured mortgages to cover housing purchases for anybody who wants to buy a house that costs no more than \$15,000.

I recognize that we have had 40-year mortgage programs for a number of years and I have supported them. But they were designed to meet unusual circumstances.

We first approved 40-year mortgages for section 213, or cooperative housing, which we heard so much about in the discussion of this bill. In this instance, we find a situation far different from the program of individual ownership contained in this bill. In this program there is multiple liability and, in most cases, larger and more substantial types of structures.

We also approved terms up to 50 years for the elderly housing direct loan program, but here again the necessity for low payments was an obvious need for a class of people who needed help in this manner.

Then we come to another category of 40-year mortgages, the section 221 housing. This was a program designed and approved for the assistance of families forced out of their homes by Government action.

These families, I want to repeat, are families who have been, or will be, forced from their homes by urban renewal programs, highway construction, or any other type of Government action over which they had no control. It was recognized that many of these families, not anticipating the need for home purchasing on a comparatively short notice, would not be in a financial position to meet heavy mortgage payments.

These programs were approved to meet unusual conditions. Yet these 40-year programs carried mortgage interest at the going market rate.

Let me stress that point. Despite the consideration of the Congress for the special needs of these families, a market interest rate was applied in each 40-year program.

In this bill we combine the 40-year mortgage with a subsidized interest rate; not to meet circumstances such as those which existed in previous 40-year programs, but apparently to create a springboard from which other nationalized housing schemes might be launched in the future.

From where did all the clamor come for such a precedent-shattering use of Federal assistance in housing?

It came from those who used statistics which, when so interpreted, gave hint to possible political expediency by attempting to meet those statistics with a windfall from the Federal Government whether or not it was wanted or expected.

True, the Senate did wisely require an important change in the 40-year program by requiring a small down payment, but we cannot escape the fact that we are being asked to establish a whole new principle in mortgaging and an unreasonable principle of subsidizing the financing of those mortgages.

It is my humble prediction that if these new approaches are politically motivated that our housing program will go down the drain through public objection.

I feel only slightly appeased because the Senate accepted my amendment to prevent a new public housing program for "moderate income" families under the rental section of the 40-year program.

I certainly cannot be jubilant, although a bit thankful, that also accepted was my

amendment which would prevent the discriminatory use by the Housing Commissioner of interest rates to the borrowers in the same rental section.

We have identified the groups for whom the 40-year mortgage programs were established prior to this bill and the need for the longer maturity period was obvious in each case.

But, we cannot identify the group of families which will qualify for this special treatment under this bill because there is no means in the proposed legislation by which they can be identified.

Anybody who wishes to purchase a house costing no more than \$15,000 will qualify. Anybody. The amount of income is not restricted; unusual hardship is not required. Nothing is required by an application to purchase at low down payment, 40 years to pay at an interest rate the Federal Government admittedly will subsidize.

There are a great many items throughout the bill which represent serious departures from what have been successful operations of our housing program.

In the 40-year phase of the bill we find, in addition to the maturity and interest conditions, the right of an option for cash or debentures on defaulted mortgages, the payment of accrued interest on defaulted mortgages and the right of the Commissioner to reduce the insurance premium rate to one-fourth of 1 percent.

In the committee report on this bill its sponsors made a point that the 40-year mortgage phase of the bill would do a great deal for the economy of this country. I would change one word of that comment by saying the 40-year mortgage program will "do a great deal to the economy of this country."

Let me remind the Members of this Senate that there are 60 million homes in this country of ours which are owned by the families who live in them. We might be taking millions of those homes off the market if we enact this program into law.

Millions of these homeowners who will be helping to pay the subsidy for this program will be helping to destroy the chance of disposing of their present homes. Why? Because who will want to buy an existing house when he can buy a new house on low down-payments and at subsidized interest rates?

I want now to mention the home improvement section of the bill both as it reached the Senate and as it is now. I really don't feel boastful about the change I managed to have made in this section although the change will channel the assistance where it is needed most.

Originally, the bill would have provided 100-percent insured home improvement loans up to \$10,000 for 25 years for anybody—again, I say, anybody. No security required, if the Commissioner didn't want any.

How ridiculous. A person could buy a new home for \$9,000 on a 40-year mortgage with subsidized interest and immediately borrow \$10,000 for 25 years with no security in order to build three more rooms on the house, or put in a swimming pool if he wished.

My effort to reduce the amount to \$7,000 and the maturity to 15 years would have been somewhat more sensible but my real feeling is that, for most purposes, the existing home improvement program is sufficient because it permits loans to \$3,500 for up to 5 years.

The exceptional cases of higher loan need would be to rehabilitate older homes, but the bill sponsors failed to limit the bill to that until my amendment was accepted providing for loans to \$10,000 for 20 years but applicable only to dwellings at least 10 years old. This section needs further correcting before it gets us into a peck of trouble.

A trend toward more and more public housing made its appearance in this bill,

although the Senate did succeed in removing one instance from the bill. This trend appeared in three places in the bill as it was brought to the Senate.

First, of course, was in the request for 100,000 additional public housing units. My attempt to reduce the figure to 37,000 units failed, but the fact still remains that the Housing Commissioner's own testimony before the Senate Banking and Currency Committee was to the effect that applications for units were coming in at a "fraction" of the 37,000 units the Senate had previously approved.

The second instance of the public housing trend appeared in the new 40-year rental housing mortgaging section where public agencies and bodies would be permitted to borrow Federal funds at subsidized interest rates and build rental housing for "moderate income" families. The Senate accepted my amendment removing the public agencies and bodies from the eligible list of borrowers.

The third instance of public housing remains in the bill. It is in the section providing for direct loans by the Federal Government for housing for the elderly. Here we find again as eligible borrowers public agencies and bodies.

Throughout the bill we find increased costs to the Federal Government to the point where authorized expenditures in the bill nearly equal all of the authorizations made by Congress for the housing program since its inception.

An example occurs in the capital grant authorization for urban renewal. Despite the fact the record proves no necessity for a \$2.5 billion additional authorization at this time, the Senate rejected my amendment to reduce the figure by \$750 million.

Coupled with the tremendous cost of this bill, which amounts to about \$6 billion, the Housing Commissioner is given far more discretionary power in the use of the funds than Congress has ever seen fit to give the Commissioner in previous years.

In summation, we might well look upon this housing bill as the ruination of a time-tested Federal housing program; the breaking of the high cost barrier of housing; creation of a Federal catch-all basin for unsound schemes and political hokey-pokey, and the beginning of the end of that one-time feeling of security that "a man's home is his castle."

After all, even if we should defeat these amendments, we still would have the Federal housing program that is serving us so well and will continue to do so.

Mr. SPARKMAN. Madam President, the distinguished minority leader [Mr. DIRKSEN] is ready to speak to the Senate, and he will be here momentarily. In the meantime, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from Alabama is recognized for 2 minutes.

Mr. SPARKMAN. Madam President, I wish to make only a general statement in regard to the bill; and in the course of my remarks I wish to submit, for printing in the RECORD in connection with my remarks, the two tables to which I previously referred in the course of my colloquy with the Senator from Utah [Mr. MOSS]. One of the tables shows what the proposed housing legislation amounts to, in authorizations, and also shows its impact on the budget for the fiscal year 1962.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Proposed housing legislation, Senate bill, S. 1922—Program authorizations and estimated fiscal year 1962 net budget expenditures

[In millions]

	Program authorization	Estimated budget expenditures, fiscal year 1962
Loans and investments:		
FNMA investments (special assistance), Presidential authorization ¹	\$750	\$65
College housing ¹	1,350	10
Public facilities ¹	50	15
Housing for the elderly ²	50	10
Mass transportation ¹	100	10
VA direct housing loans ¹	1,200	300
SBA loans for displaced businesses ²	50	25
Farm housing ¹	(3)	40
Subtotal.....	3,550	475
Grants:		
Urban renewal ⁴	2,500	3
Urban planning assistance ²	80	3
Public housing:		
Annual contributions ⁵	(79)	-----
Demonstration grants ²	10	2
Mass transportation demonstration grants ⁶	(50)	2
Subtotal.....	2,590	10
Total, housing bill.....	6,140	575

¹ Treasury borrowing authorization.

² Authorization for appropriations; new obligatory authority when actually appropriated.

³ Assumes use of Treasury borrowing authority which would otherwise have expired for commitment purposes.

⁴ Contract authority.

⁵ Assumes use of \$79,000,000 balance of contract authority from the \$336,000,000 authorized by the Housing Act of 1949, which otherwise would be unavailable, to place under contract approximately 100,000 units of low-rent housing. Effects of additional subsidy for units occupied by elderly persons cannot be estimated with available information.

⁶ The bill authorizes the Administrator to contract to make up to 2½ grants for mass transportation demonstration projects. The \$50,000,000 authorization for this purpose would be part of the total urban renewal contract authorization.

Mr. SPARKMAN. The second table—

Mr. HOLLAND. Madam President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. HOLLAND. Does either of the tables show any statement of the cost of the public-housing program?

Mr. SPARKMAN. Yes, one of them shows the annual contribution of \$79 million a year, maximum, for public housing.

Mr. HOLLAND. Does it show the maximum cost of the program as being more than \$3 billion?

Mr. SPARKMAN. No; it simply shows the annual contribution as being a maximum of \$79 million.

I stated awhile ago, in explaining the table, that, assuming it was going to cost the maximum, and extending it over a period of 40 years, the cost would be in the neighborhood of \$3 billion.

Mr. HOLLAND. On making inquiry of the staff of the Senator's committee the other day, I was told it was hoped that payments could be reduced to about 85 percent of the total.

Mr. SPARKMAN. Yes. As a matter of fact, in years past it has run as low as 66⅔ percent. That is correct.

Mr. HOLLAND. But it is the hope now to reduce the payment to about 85 percent?

Mr. SPARKMAN. I believe the current experience is about 85 percent.

Mr. HOLLAND. I thank the Senator. The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SPARKMAN. I yield myself 1 more minute.

The other table to which I referred was one which showed the cost of the housing program under the Housing and Home Finance Agency, showing the net budget expenditure over the years, cumulative to June 30, 1960, and the total Government equity as of June 30, 1960.

I ask unanimous consent that the table be printed in the RECORD at this point as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

COST OF HOUSING PROGRAMS UNDER THE HOUSING AND HOME FINANCE AGENCY

Housing programs have generally been profitable enterprises. Exclusive of the cost of war and defense emergency housing programs, and AEC towns, the Federal Government's housing programs under the HHFA have operated at a net surplus of \$496.4 million if credit is taken for the Government's equity as of June 30, 1960:

Total budget expenditures or receipts and Government equity on housing programs as of June 30, 1960

[In millions]

	Net budget expenditures cumulative to June 30, 1960	Government equity as of June 30, 1960
Salaries and expenses.....	\$47.8	\$1.0
College housing.....	754.7	761.8
Public facilities.....	46.5	45.3
Public works planning.....	14.1	14.4
Urban renewal.....	413.8	75.6
Urban planning grants.....	7.3	
Federal National Mortgage Association.....	3,034.8	3,483.2
Federal Housing Administration.....	-20.4	866.7
Public Housing Administration.....	984.5	94.7
Federal Home Loan Bank Board.....	-83.2	353.6
Total.....	5,199.9	5,696.3
Net position (surplus) as of June 30, 1960.....	496.4	

NOTE.—The full explanation of the source of these figures may be found on pp. 25 to 28 of the committee's review of federal housing programs published as an appendix to 1961 housing hearings.

Mr. SPARKMAN. Madam President, I ask unanimous consent that the time allotted may be extended by a total of 30 minutes, 15 minutes to the side.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. SPARKMAN. Madam President, the Senator from Illinois [Mr. DIRKSEN], the distinguished minority leader, is going to speak. I understand he wants about 20 minutes. Under the agreement, he has 15 minutes out of the half hour, and I yield him 5 minutes.

Mr. DIRKSEN. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. How does the time stand? Has the opposition time been exhausted?

The PRESIDING OFFICER. The opposition time has been exhausted.

Mr. DIRKSEN. Madam President, I yield myself 10 minutes.

Mr. SPARKMAN. Madam President, is it understood that I have yielded the Senator 5 minutes?

The PRESIDING OFFICER. It is understood.

Mr. DIRKSEN. Madam President, we are now approaching the voting period on the housing bill. I had intended in the first instance, when I prepared some remarks on this subject, to deal with a matter which was ultimately taken care of by an amendment offered by the distinguished Senator from South Dakota [Mr. CASE]. It related to striking out all of title 6 of the bill. That was a provision to authorize the Administrator to make loans up to \$100 million to States and local public bodies to acquire land for permanent open spaces.

That amendment was offered. The Senate has voted upon that amendment, and has seen fit, in its wisdom, to delete it. So the bill, at least in my judgment, has been improved to the extent that \$100 million provided by it will not be grants, on the basis of 25 percent or 35 percent, depending on the circumstances, which would be within the control of the

Administrator to make to States and local public bodies. But, notwithstanding that fact, I find myself still in opposition to the bill, and there are some reasons for it.

At the appropriate time, I intend to insert in the RECORD what the budget experience will be in fiscal 1962. At this time I ask unanimous consent to have printed in the RECORD, in connection with my remarks, the program authorization and 1962 budget expenditures which are listed on page 64 of the hearings. That table indicates that in the fiscal year 1962 the net budget expenditures, not only of the program that is before us, but of the program that has been authorized by previous Congresses, will have a budget impact of \$1,411 million-plus.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

PROGRAM AUTHORIZATION AND 1962 BUDGET EXPENDITURES

The following table was prepared by the Housing and Home Finance Agency and is included in this report for the information of the Senate. The estimates of budget expenditures have not been analyzed by the committee, and do not necessarily represent its views.

PROPOSED HOUSING LEGISLATION—SENATE COMMITTEE BILL, S. 1922

Program authorizations and estimated fiscal year 1962 net budget expenditures

[Millions of dollars]

	Type of authority ¹	Program authorizations			Fiscal year 1962 net budget expenditures		
		Previously enacted	Committee bill	Total	Enacted authorizations	New authorizations	Total
FNMA investment in mortgages and improvement loans (special assistance), Presidential authorization.....	BA	950	750	1,700	225.0	65.0	290.0
Loan programs:							
College housing loans.....	BA	1,675	1,350	3,025	234.6	10.0	244.6
Public facility loans.....	BA	150	50	200	39.9	15.0	54.9
Housing for the elderly.....	AA	50	50	100	13.5	10.0	23.5
Mass transportation loans.....	BA		100	100		10.0	10.0
Subtotal.....		1,875	1,550	3,425	288.0	45.0	333.0
Grant programs:							
Urban renewal grants.....	CA	2,000	2,500	4,500	252.9	3.0	255.9
Urban planning assistance.....	AA	20	80	100	6.0	3.0	9.0
Public housing: ²							
Annual contributions.....	CA	(336)		(336)	172.8		172.8
Demonstration grants.....	AA		10	10		2.0	2.0
Open space grants.....	CA		100	100		2.5	2.5
Mass transportation demonstration grants ³	CA		(50)	(50)		2.0	2.0
Subtotal.....		2,020	2,690	4,710	431.7	12.5	444.2
All other HHFA programs and activities.....		(4)	(4)	(4)	-115.7		-115.7
Total, HHFA.....		4,845	4,990	9,835	829.0	122.5	951.5
Programs of other agencies:							
VA direct housing loans.....	BA	1,575	1,200	2,775	115.0	300.0	415.0
Farm housing programs.....	BA	(5)	(5)	(5)	5.0	40.0	45.0
Subtotal.....		1,575	1,200	2,775	120.0	340.0	460.0
Total, housing bill.....		6,420	6,190	12,610	949.0	462.5	1,411.5

¹ Key: BA—Treasury borrowing authorization.

CA—Contract authority.

AA—Authorization for appropriations; new obligational authority when actually appropriated.

² Assumes use of \$79,000,000 balance of contract authority, which otherwise would be unavailable, to place under contract approximately 100,000 units of low-rent housing. Effects of additional subsidy for units occupied by elderly persons and families cannot be estimated with available information.

³ Senate committee bill authorizes the Administrator to contract to make up to ¾ grants for mass transportation demonstration projects. The \$50,000,000 authorization for this purpose would be part of the total urban renewal contract authorization.

⁴ Not applicable.

⁵ Assumes use of Treasury borrowing authority which would otherwise have expired for commitment purposes.

Mr. DIRKSEN. The budget consideration here is, in my judgment, certainly not the least of the considerations that should guide us in approaching our responsibilities on the housing bill.

Mr. SPARKMAN. Madam President, will the Senator yield?

Mr. DIRKSEN. Yes.

Mr. SPARKMAN. Just before the Senator from Illinois started to speak, I put in the RECORD a table which is up to date, since amendment of the bill by the Senate. There is not a great deal of difference between new table and the one the Senator from Illinois has placed in the RECORD.

Mr. DIRKSEN. Except that the table the Senator put in the RECORD shows a budget impact of \$575 million, but the table I put in the RECORD shows a budget impact in fiscal year 1962 of \$1,411 million. That information was submitted by the Housing Administration. It is a part of the literature which accompanies this bill.

Mr. SPARKMAN. Madam President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. SPARKMAN. I call attention to the fact that that is a combination of the existing program and the new program.

Mr. DIRKSEN. I mentioned that fact. That is correct. I made it clear.

Mr. SPARKMAN. I thought the Senator was talking about the impact of the present bill on the budget.

Mr. DIRKSEN. I am willing to stand on the RECORD of what I said.

Mr. SPARKMAN. Very well.

Mr. DIRKSEN. It is a combination of what has been authorized before plus what is authorized in this bill. It will have a budget impact of \$1,411 million on the budget in fiscal year 1962.

Mr. SPARKMAN. Subject to the amendments.

Mr. DIRKSEN. That is correct. The amount might be raised or lowered a little. It is possible the amount might be lowered by \$100 million. But the figure is substantially correct, I think.

In some earlier observations on this matter, I pointed out to the Senate that the January budget which was sent to the Congress by the prior administration indicated a surplus of \$1,500 million, in rounded figures. There have been two revisions of the Eisenhower budget since that time. The first one came on the 28th of March. That has to be set down as a Kennedy revision, because obviously that revision was made by the incumbent administration, and it indicated a budget deficit, instead of a surplus, of \$2,800 million.

Another revision came from the Kennedy administration on the 25th of May. That shows a deficit of \$3,550 million.

I fancy that we shall be here for quite some time, and I apprehend also that we shall be adding to this amount in the form of new functions to be authorized, as, for instance, an increase in the stream pollution bill, and the supplemental and the deficiency appropriation bills, when the departments have had an opportunity to estimate and indicate to the Congress, through the Budget Bu-

reau, what they may need to carry out their functions for fiscal year 1962.

What I say at this point is a guess, and it has to be a guess, because I do not know what the "moon" is going to take.

We are talking now about moon shots. It has been indicated that perhaps we ought to spend \$8 billion, \$9 billion, or some such amount, over a period of 5 years, in order to get to Luna. It is a great thing in the field of lunar dynamics, I suppose, and there must be people who think this is one of the urgent matters before the country today. I can only say that I hope lunar dynamics will not become dynamic lunacy before we finish, and will not continue to push the budget ceilingward until we reach the moon. We are almost in orbit with the budget now. We have finally crashed the \$100 billion barrier.

For fiscal year 1962—and certainly these figures are not quite complete—the output, including trust funds and the regular expenditure budget, will be \$106 billion plus. The income from all sources, including railroad retirement to go into a trust account and social security to go into a trust account and all others, will be \$102 billion, to compare with the outgo of \$106 billion. So on a cash expenditure versus outgo basis, for the fiscal year 1962 the budget deficit will be in excess of \$4 billion.

I risk my reputation as a prophet, even though my distinguished friend from Alabama knows that "A prophet is not without honour, save in his own country," that the probabilities are the deficit will be infinitely higher and that the budget deficit will be in excess of \$5 billion before we conclude fiscal year 1962, which will be 1 year from the end of this month. That is a matter which disturbs me some.

Yes, as my distinguished and scholarly Biblical friend has said to me.

A prophet is not without honour, save in his own country, and in his own house—

As stated in the Ancient Book.

If the Senate is my country or my house, I am not sure that the gift of prophecy or the words of prophecy will fall upon fertile ears. They may be entirely ignored before we finish.

But I do know what a figure means, Madam President, and there is something irretrievable and irresistible about a figure. I believe it was Charles Dickens who said that there is nothing so irresistible as a fact, and I say, "That's for sure."

This is a fact, since it comes from the Bureau of the Budget, and I expect the Bureau of the Budget to be very careful with its figures.

In consequence, we are spending ourselves into a deficit position which can only be measured in terms of inflationary impact in the grocery stores and in the market places of the country. There is no other way to estimate it.

When, for instance, we spend for public works and we spend for housing, we are not making expenditures in the field of consumables but in the field of durables, as we sometimes put it. As time goes on, a growing amount of purchas-

ing power will be lodged in the hands of the people. Obviously it cannot be offset, when we engage a dipper dredge with an 11-yard dipper to throw earth upon a levee. We cannot say that the people whose incomes are being enhanced can buy any section of that in a consumer form, to dampen down the fevers of inflation.

That situation is taking on new form. It is taking on new substance. It is taking on new urgency constantly. It is no wonder that the students of our fiscal and economic situation and policies are becoming increasingly concerned about the dangers of inflationary fever and the inflationary contagion which only brings the prices up in the markets of the country, and which will be succeeded, finally, by pressure for increased wages. When we do this, there will be requests for more money than is authorized in the bill before us, and once more our country will be caught in the inflationary pincers.

I trust that will not obtain, but how can one come to any other conclusion, in view of the \$9 billion authorization presently before us?

This is a bewildering bill. Frankly, I have found this to be the most bewildering piece of proposed legislation with which I have had an opportunity to deal in a good many years. Title I deals with new housing programs—housing for moderate income families, the market rate rental housing, the below-market rate housing, loans for improvements of existing structures, and also experimental housing. Of course, experimental housing is demonstration housing. When imaginative people come up with fanciful ideas about houses a few years from now, and other people who occupy the no-down-payment-with-40-years-to-pay houses become entranced—and they will become quickly entranced and intrigued by new designs and new arrangements in housing—the distinguished head of the family, who will be sitting across the table from his wife at dinner some night, will hear his wife say, "Joe, I just saw the Jones' house at the end of town. Let us go out this afternoon and take a look at it." They will take a look at it, and they will both agree it would be desirable to have a house like that. Their house will be not quite so futuristic and not quite so modern.

Then this couple will look at the table, to see the point they have reached so far as payments are concerned. They will discover in a little while, from the table I have presented heretofore, that after they have paid for 20 years for a \$10,000 house they will have a \$311 equity. That will be the case after 20 years, Madam President.

Models will change. Styles will change. I am not sure, if I were in that position, that I would not say to the lady across the dinner table, "Oh, let's move out tonight and go down the road about 20 miles, because there we can put our furniture in one of those futuristic, impressionistic new designs so appealing to the heart."

So we have before us the provision, modified by the Senator to require a

3-percent downpayment, but what will that be against a 40-year amortization period? It will be an open invitation to abandon. That is what it will be.

Who can say what kind of a load the Federal Government will have to bear by way of foreclosed property?

Madam President, I remember the fight I had on the Home Owners Loan Corporation.

The PRESIDING OFFICER. The time of the Senator from Illinois has expired.

Mr. DIRKSEN. Do I have more time, Madam President? I yield myself more time if I do. How much time do I have?

The PRESIDING OFFICER. The Senator has 5 minutes remaining.

Mr. DIRKSEN. Only 5 minutes? Will the Senator from Alabama yield me 5 minutes?

The PRESIDING OFFICER. The Senator from Alabama has 16 minutes remaining.

Mr. SPARKMAN. Madam President, I understood that I had yielded the Senator from Illinois 5 minutes. Has the Senator already spoken 15 minutes?

The PRESIDING OFFICER. The Senator from Illinois has used 15 minutes.

Mr. SPARKMAN. I was so spell-bound by the Senator's eloquence I did not recognize the passage of time.

Mr. DIRKSEN. I know he was, Madam President.

We will have to get more time.

Mr. SPARKMAN. Madam President, I ask unanimous consent that the time be extended for 20 minutes, 10 minutes to each side.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama? The Chair hears none, and it is so ordered.

Mr. DIRKSEN. Now, Madam President, how much time do I have?

The PRESIDING OFFICER. The Senator from Illinois has 15 minutes.

Mr. DIRKSEN. Altogether?

The PRESIDING OFFICER. Altogether.

Mr. DIRKSEN. Including the new time allocation?

The PRESIDING OFFICER. Including the new time allocation.

Mr. DIRKSEN. Well, we may have to have more time. [Laughter.]

Mr. DIRKSEN. Madam President, I must speak until the clock shows 4 o'clock. I must build this house one room at a time until some of our absent Members arrive. With the cooperation of my friend the distinguished Senator from Montana [Mr. MANSFIELD] we will keep the debate going until 4 o'clock, if the Lord is willing. I am sure He will be, because I believe He is on my side in this debate.

I shall describe the problem of long-range financing with only a 3-percent downpayment. That kind of downpayment is not much of a hedge, and the table that I shall ask to have printed in the RECORD will indicate pretty well that after 20 years of payment there would be an equity of only \$311. That feature is one thing that is wrong with the bill, particularly in an accelerated age when conditions change so fantastically fast,

and is one reason why I oppose the bill.

The bill contains title II, housing for the elderly, and would lift the age limit with respect to those who are disabled.

Title III, urban renewal and planning, would grant spending authority, increased by \$2½ billion, which would be given free. Those are not loans from the Federal Treasury. Gift money is provided. We are becoming pretty prodigal so far as the Federal Treasury is concerned. The amount authorized would be for urban planning grants. The Federal share would be increased from one-half to two-thirds.

Then there is title IV, loans for college housing, community facilities, mass transportation and planning. I suggest to the distinguished Senator from Wisconsin [Mr. WILEY] that I do not know how the railroads got in the bill, but they did.

Mr. SPARKMAN. Madam President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. SPARKMAN. I can tell the Senator.

Mr. DIRKSEN. I know.

Mr. SPARKMAN. They were included by the unanimous vote of the Republican members of the Senate Committee on Banking and Currency.

Mr. DIRKSEN. That group would not include me, because, notwithstanding the fact that 12 railroad presidents were in my office last year concerning this subject, I did not say "Yes."

I did not say "yes" to the request, because I believe it is a subject that ought not to be handled in a housing bill. The problem of the railroads has no business in the present bill. Transportation comes under the jurisdiction of the Committee on Commerce, and that item should have been more substantially justified before the committee that has jurisdiction.

The PRESIDING OFFICER. The additional 5 minutes which the Senator requested has expired.

Mr. DIRKSEN. Madam President, Have I 10 minutes remaining?

The PRESIDING OFFICER. Yes.

Mr. DIRKSEN. I yield myself 10 additional minutes.

There are increases in respect to the Federal National Mortgage Association and provision is made for the expansion of the FHA insurance program.

Title VI, refers to open space for urban development. Thank goodness, we succeeded in having that provision eliminated. Thank goodness, we have had the third reading of the bill, so that that provision can not be put back into the bill. The House may put it back. I do not know. But if the conference report returns to the Senate and contains that item, I now serve notice on the Senate conferees that the provision will be subject to a fight, and it will be a good one. I believe my distinguished friend the Senator from South Dakota, will join me in that effort.

Mr. CASE of South Dakota. Madam President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. CASE of South Dakota. If there is any doubt, I assure the Senator from Illinois I will do what I can. The Sen-

ate has gone on record on that point by a 46 to 42 vote, and I hope the Senate will stand by its position. The amendment to strike out title VI of the bill, as reported by the committee, had bipartisan support on both sides of the aisle. If I remember correctly, 24 Republicans and 22 Democrats voted for my amendment last Thursday. The fight was not partisan in any sense. It was bipartisan and showed that the Senate thought we should not start on that kind of a program at this time, attractive as it might be under other conditions. The proposal that the administrator should be authorized to make grants up to \$100 million, without any prior action by the Appropriations Committee, was not unusual. The faith of the United States was to have been solemnly pledged to provide the money, regardless of anything else, once the Administrator had spoken. We ought not to tie the hands of the Treasury that way.

Mr. DIRKSEN. Madam President, that subject was included in the bill until the Senate, in its wisdom, eliminated it. But if it comes back, the fight must be resumed.

Title VII relates to farm housing and an extension of the direct loan program to veterans. We authorized \$1 million for direct loans to veterans on the ground that they were located in sparsely settled and rural areas where service could not be obtained, I sat across the table from President Eisenhower at the usual Tuesday morning conference, and when that item arose, I said, "Mr. President, if you go down the road of direct loans from the Treasury, you will never come back." Thank God, he would not sign the bill.

Again we are confronted with the provision, elaborated upon and increased in amount by direct loans from the Treasury.

I was deeply entranced the other day by a statement of the distinguished Senator from Alabama. The inspiration came from a banker in a small town in Alabama where loans could not be serviced. But since that time the Housing Administration has carried on a program, which has been almost nationwide in scope, to orient country banks so that loans could be made without direct loans from the Treasury. I believe such action can still be taken. But we will live to see the day when the amount will snowball. Then what shall we say to the other components of the population in our country? People who live in cities, on farms, and everyone else will say, "You have given the veterans direct loans from the Treasury"—not merely a guarantee, not merely insurance, but money out of the public Treasury. How would we respond to other groups in the United States that would come, hat in hand, first with their entreaties, then with their supplications, and finally with their demands?

I wish my friend the distinguished Senator from Tennessee [Mr. GORE] would bend his ear. I hope my friend from Oklahoma [Mr. MONRONEY] will let him listen to me for a moment. I wish to talk about the Senator's distinguished

predecessor, Cordell Hull. He was a distinguished statesman.

Mr. GORE. He was indeed.

Mr. DIRKSEN. Believe me, he was a distinguished Senator. I remember one night at a little social function at one of the downtown hotels we had a little visit from him. We talked about the farm program, and that great statesman said to me, with respect to handouts, "Congressman, I suppose at first the farmers will resist gratuities from the Treasury. A little later they will demur. But finally they will demand."

Cordell Hull was so eminently right, because that is exactly the state in which we find ourselves today. We talk about direct loans from the Treasury to veterans. How long would it be before other components in our population would say, "We, too, are entitled to the largess of this Government, and we want to be included in any proposed legislation that comes along."

That ought to frighten anyone who has some regard for the solidarity and the fiscal integrity of this country. However, it is in the bill. I cannot accept that kind of provision. We have modified the provision with respect to the 40-year loans. I salute the distinguished Senator from Tennessee [Mr. GORE]. Even though once in a while we have a little semantic discussion, I salute him for the effort he made the other day. I regret extremely that that action was not sustained finally, and that it was modified even to the extent of 3 percent. I do not believe it is enough. I do not believe we can do business on that basis without finally finding this country confronted with a great many shoestring homeowners who one day will find it to their advantage to abandon their homes. Then the House and the Senate will be confronted with the problem of what to do with the properties, because we have guaranteed and insured the loans.

Mr. GORE. Madam President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. GORE. I appreciate the generous remarks of the distinguished junior Senator from Illinois. Although my amendment was not carried in full, we did succeed in requiring some downpayment. It is \$300 on a \$10,000 house. I submit to my distinguished colleague and friend that even a small \$300 downpayment is better than no downpayment at all.

Mr. DIRKSEN. Oh, indeed it is. However, the ghost of another challenge rises up. I fought the Home Owners Loan Corporation to a standstill on their policies, and there was a reason for it. We finally wound up with 250,000 dwellings that the Federal Government had to foreclose on, notwithstanding all the nonsense and the persiflage and the airy discussion. I followed it year after year. Uncle Sam had the houses. Who shall say we will not have them again.

I have here an article published in the Washington Star of May 17. It is entitled "48,000 Lose Homes From Foreclosures." Insofar as I can tell, the point made in the article is that that is the largest number of foreclosures since

1941. In addition, the article examines into the reasons for it. The reasons are two; first, that families have been purchasing more expensive homes; second, and more important, that the terms were so much easier that they were buying homes on a shoestring.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. DIRKSEN. Madam President, I have not quite finished the story, I am distressed to say.—I ask unanimous consent for an additional 10 minutes.

The PRESIDING OFFICER. Without objection, the Senator is recognized for an additional 10 minutes.

Mr. DIRKSEN. What shall we do about 3 percent, with 40 years to pay? What will the foreclosure record be like?

I ask unanimous consent to have the article printed in my remarks at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FORTY-EIGHT THOUSAND LOSE HOMES FROM FORECLOSURES

NEW YORK, May 17.—Forty-eight thousand American families lost their homes through foreclosure in 1960, the largest number since 1941, the American Home Magazine said yesterday.

In its current issue, the publication said the rising foreclosure rate is attributed by the Federal Home Loan Bank board to two factors:

1. Families are purchasing more expensive homes than they used to. Inevitably, some are bound to overreach themselves and get hurt.

2. Mortgage terms are easier than they used to be and a lot of houses are bought on a shoestring.

"Such unforeseen catastrophes as long layoffs, unemployment, illness or death can completely wreck financial planning," American Home said. "They rank high on the list of causes of foreclosure."

"The family that is on thin ice is the one that made a very small downpayment and has a 25- to 30-year loan."

American Home cited Wichita, Kans., as a city hard hit by foreclosures after Boeing Airplane Co. cut back on aircraft production. Foreclosures there totaled 1,471 last year, it said.

Of 1960's 48,000 foreclosures, more than 11,000 were on Veterans' Administration loans and more than 7,500 on loans insured by the Federal Housing Administration, the publication stated.

This, said the magazine, is because FHA and VA borrowers have less of their own money invested.

Mr. DIRKSEN. Then, of course, there is the question as to whether this is a forcing operation. I must ask my distinguished friend from Alabama whether he has had verification of these figures. My information is that the FHA applications, at an adjusted rate for April 1961, numbered 217,000. The Federal Housing and Home Finance Administration estimated that that was a drop of 3 percent from March, and that it is the first time in 4 months that it has declined; also, that it is the lowest April rate since 1957. I ask my distinguished friend whether that is substantially correct.

Mr. SPARKMAN. I believe the Senator is correct. Those are the figures that were reported. It shows that the

annual rate was reduced, I believe, to 1,200,000. That is the reduction. That is on the new basis, which would be about \$1 million under the old figure.

Mr. DIRKSEN. I can only interpret the figure in my own way, that these housing starts are dropping. It looks to me like a forcing operation. It is a forcing operation at this period in the American economy.

Mr. SPARKMAN. Madam President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. SPARKMAN. No; I believe that the fair interpretation is that this is a reaction to the recession we have been in. There is always a drag, and as we pull out of the recession—I believe we are pulling out, and that we are pretty well on our way—we can reasonably expect that the figure will come up. This is not forced draft legislation. This is, as I said many times, a replacement for our old public housing program.

Mr. DIRKSEN. I devoutly hope that my distinguished friend from Alabama is correct. I have to interpret the information in my own way, and I see no such interpretation in these figures. I make them a part of my remarks, so that they may be in the CONGRESSIONAL RECORD and can be referred to at some future day, to determine whether I was right or wrong.

I make only one other point, and that is with respect to community facility loans. There is an increase in the authorization from \$150 to \$300 million, \$100 million of which is earmarked for mass transportation loans. I do not believe it is needed. I do not believe that the transport item has a proper place in the bill. I believe that item should have gone to the Committee on Commerce. At least a pilot amount would have been enough, instead of reaching up into the very stars for vast sums to do the job, when the whole matter has not yet been thoroughly explored.

Community financing has been at a high level and is at a high level. I understand that there have been some \$22 billion in community facility loans in the last 3 years. In the first months of 1961—and I believe this figure comes from the investment bankers of America, who keep close touch with this matter—the community facility loans granted and approved by the voters amounted to \$2,800 million. That is a 7-point increase in the first quarter of 1961 over 1960.

Those are some of the items, Madam President, that I find objectionable in the bill and serve as the predicate for my determination that I shall vote against it.

I have only one other thing to say, and then I shall be through. I recommend to Members of the Senate a very interesting report which was made a few years ago by the U.S. Savings & Loan League. The title of the report is "Who Buys the Houses?" As a great organization, it has made use of literally thousands of savings and loan and building and loan associations scattered all over the countryside. Actually, one of the biggest component members of the league is the First Federal Savings

& Loan Association in Chicago. I am a member of the board of directors of that association. Once I resigned, because when the question of fiddling with the 12-percent reserve for mutual savings banks and savings and loan associations came to the Senate floor, and the bankers of my State got in my hair, I sent a telegram resigning from the board. Then I asked the Senate for a special dispensation under the rule not to have to vote on the issue, so that it could not be said that any action I took represented a conflict of interest. The Senate granted that dispensation.

I say that because I do not want anybody to rise up on my oblique side, trying to discredit all this by saying that I have a peculiar interest in it. I have been a building-and-loaner since I was old enough to warble the English language. I expect to remain one to the very end of my days, because building and loans are a great activating force in the country and are predicated upon the gospel of thrift.

Here is the report. It has never been gainsaid. Here will be found the statement that two out of every three houses, two out of every three buildings, which are constructed in the United States, are not built with FHA insurance, not with VA insurance. They are built on the conventional loan basis and are financed by the thrift of the American people, as it finds its way into the coffers of those thrift agencies.

Madam President, I shall not place the whole report in the RECORD; I simply ask unanimous consent to have printed at this point in the RECORD the two pages the title of which is "Summary and Conclusions."

There being no objection, the extract was ordered to be printed in the RECORD, as follows:

V. SUMMARY AND CONCLUSIONS

The world of home mortgages is like a family of three children where one does the bulk of the work and the other two get the bulk of the attention. Because of the perennial involvement in politics and their unpredictable and disturbing fluctuations, the insured and guaranteed mortgage operations of the Federal Housing Administration and the Veterans Administration tend in some quarters to be considered the dominant influences in the housing market. Yet of the outstanding mortgage debt on 1- to 4-family structures, the insured-guaranteed areas can claim only 44 percent, the remainder being in conventional loans.

Another reason for greater acquaintance of the public with insured and guaranteed mortgage operations than with conventional mortgage operations is the copious flow of information that comes from the Government agencies, especially the FHA, the statistical services of which have always been of a high order. Conventional lending, conducted independently as it is by thousands of institutions, is not susceptible to such continuous and detailed reporting. In producing this, the first of a series of similar surveys, the U.S. Savings & Loan League is endeavoring to provide the public with much needed information in a vital sector of home mortgage finance.

The U.S. League study, supported by information recently released by the Bureau of the Census, reveals the breadth of the availability of conventional financing to families throughout the range of income. Since we are overwhelmingly a middle-class Nation, it is to be expected that the great-

est volume of conventional financing would be for families in the middle-income range. Such is the case. The concentration, however, is distinctly less than in the case with either the FHA or VA types of financing, even in the type of metropolitan area represented in the survey.

Conventional financing, while broadly serving the middle-income group, does not do so to the neglect of other important sectors of demand. As the U.S. League's findings show, and as the census data more strongly confirms, conventional financing is more extensively available to lower income borrowers and to lower priced houses than is the financing sponsored by the Government agencies. Had the league's survey included smaller communities than the metropolitan areas covered, this circumstance undoubtedly would have been even more strikingly disclosed.

The breadth of the coverage of conventional financing is especially significant in view of the steady upward creep, over the postwar period, of the median income of FHA borrowers and the median initial amount of the insured loan, both of which appear to have risen further than can be accounted for by increases in incomes or construction costs during the period.

Another important characteristic of conventional lending is the service it renders to the financing of used-house purchases. Its greater availability than insured or guaranteed lending for this purpose is attested by the census inventory; and the broad range of coverage is shown in both the census and the league studies. Since most of our families must be accommodated in other than newly built houses, and since purchases of previously occupied houses exceeded those of new ones, the advantage of having a supply of funds always at hand to facilitate these transactions, and thus to aid in the general upgrading of housing standards, cannot be overestimated. This need conventional financing meets in large degree.

The importance of this contribution goes beyond that of aiding the initial transaction. Availability of credit for the used-house market is today almost as important a factor in the stimulation of new construction as financing of used cars is for the stimulation of the market for new automobiles, and for the same reason. Today, more and more buyers of new houses are second-time or even third-time buyers and their ability to fulfill their objective depends upon their ability to sell the house already owned. Conventional financing has plainly been a vital force in this linked reaction.

The whole area of conventional financing needs broader study and understanding. As each year the original purposes of the Government-sponsored programs become blurred and their operations more disrupted by political action, dependence upon conventional lending is certain to grow. To make this increasing dependence attain its maximum fruitfulness in terms of expanded service, it is essential that the strengths and shortcomings of conventional lending be clearly revealed and that, through this knowledge, the strengths be preserved and the shortcomings corrected. It is hoped that the present study will prove to be at least a modest step in this direction.

Mr. DIRKSEN. Madam President, if anyone wishes to get a copy of this report, he can do so. All he has to do is to write to the U.S. Savings & Loans League, 221 North LaSalle Street, Chicago 1, Ill. They will send him as many copies as he wishes to have.

The summary and conclusions support all the figures which have been reported. So when we are dealing with a housing bill, we think it encompasses all the housing in the country. Why, it touches less than one-third of the housing activi-

ties. In proportion as we diminish the deeper intrusion of the Federal Government into this field, I think the housing industry will be infinitely better off.

Madam President, I could assign other reasons. There would be no point in doing so. I do this only by way of fortification of the conclusions I have reached after thoroughly studying the bill and its policies and considering what it projects for the future of our country.

I fully intend to vote against its approval.

I yield the floor.

AUTHORIZATION FOR APPROPRIATIONS FOR AIRCRAFT, MISSILES, AND NAVAL VESSELS—CONFERENCE REPORT

Mr. SPARKMAN. Madam President, the distinguished Senator from Georgia [Mr. RUSSELL] desires to submit a conference report. I yield 5 minutes to him for that purpose.

Mr. RUSSELL. Madam President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1852) to authorize appropriations for aircraft, missiles, and naval vessels for the Armed Forces, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of June 8, 1961, pp. 9079-9080, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. RUSSELL. Madam President, the principal point at issue between the two bodies was as to the amount to be authorized for the procurement of aircraft for the Strategic Air Command. In that respect, the House agreed to the amendment of the Senate.

There was three other differences between the two bodies.

One was for an item of \$21,200,000 in the House bill to authorize the installing of turbo-fan engines on 15 of the C-135 aircraft that are being procured for the Military Air Transport Service. These engines provide increased thrust and thereby reduce the take-off distance required for the aircraft. They also have a lower fuel consumption, which permits greater payloads of longer distances. The Senate agreed to that amendment.

The House authorized three new additional jet aircraft for the Special Air Mission Squadron of the Military Air Transport Service. Three aircraft of this type are now in inventory. The House had provided authorization for three additional aircraft of this type, but the conference agreement provides for one. These new modern planes are special aircraft to transport high officials of the Government.

The other difference had to do with the frigates for the Navy. The Senate version of the bill had provided authorization for the construction of seven conventionally powered, guided-missile frigates. The House version contemplated a total of six such frigates, two of which could have been nuclear powered. The conference agreement restores the number of guided-missile frigates to be authorized to seven, but would permit one of these to be nuclear powered.

The conference report as a whole authorizes appropriations for aircraft, missiles, and naval vessels in a total of \$12,571 million. This figure is \$71.2 million more than the Senate version of the bill.

Madam President, I move the adoption of the conference report.

Mr. SALTONSTALL. Madam President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield.

Mr. SALTONSTALL. As a conferee on this side of the aisle, I believe this is a very satisfactory settlement of the differences between the two branches of Congress. The principal difference was in the continuation of the long-range bomber production.

As the distinguished Senator from Georgia, the chairman of the committee, has stated, the House yielded on that item to the Senate version.

The other items were of a lesser nature but resulted in satisfactory compromises.

Mr. CARLSON. Madam President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield.

Mr. CARLSON. Referring to the statement of the distinguished Senator from Massachusetts concerning long-range bombers, would this item include the B-52 and B-58 bombers?

Mr. RUSSELL. It would include the B-52. As the Senate construed long-range bombers, it would include the B-52.

Mr. KUCHEL. Madam President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield.

Mr. KUCHEL. Do I correctly understand that the proposed legislation does not include a hospital recommended in California?

Mr. RUSSELL. No. That item is not involved in this bill at all. This bill relates to military hardware. The House has not yet agreed to the conference report on the military construction bill, which contains the item to which the Senator from California refers.

Mr. KUCHEL. I thank the Senator from Georgia.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

HOUSING ACT OF 1961

The Senate resumed the consideration of the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal,

and community facilities, and for other purposes.

Mr. SPARKMAN. Madam President, I yield 2 minutes to the distinguished Senator from Massachusetts.

Mr. SALTONSTALL. Madam President, after giving serious and detailed study to the 1961 omnibus housing bill, I have decided to vote against it even though I have consistently supported constructive legislation in the areas of Federal assistance for slum clearance, housing for the elderly, veterans' home loans, and additional public housing units.

S. 1922, despite certain helpful changes made during this debate, is too expansive for me in good conscience to support—too expansive in cost, in the numerous and far-reaching areas of life it plunges into, and in the extent to which it interferes with our free enterprise system. Urban renewal, for instance, should be extended but not by so much as the \$4.5 billion capital grant authorization proposed in the bill. This amount is approximately double what I believe can be efficiently absorbed by our economy and effectively utilized by the cities responsible for carrying out the overall urban renewal programs.

Likewise, I believe the 100,000 new public housing units supplied in the bill are excessive. Testimony before the subcommittee demonstrated that the Nation's public housing program cannot helpfully accommodate additional public housing units at a level much above 37,000 units. As of March 31, 1961, there were 51,353 units still in the pipeline, and administration testimony has stated that current applications for public housing units are coming in at only a fraction of the number of units authorized. Statistics also show that housing construction is proceeding at a reasonably satisfactory rate of 1.2 million units a year, and that vacancies in rental units have now increased up to 8 percent.

I am generally disturbed by the no-downpayment, no-equity approach of Federal assistance to home buyers and homeowners, even though the original 40-year, no-downpayment loans available under the Housing for the Moderate Income Family title was amended to require a \$555 downpayment. Other provisions in the bill give both encouragement and authority to this general philosophy, which fails to properly stress personal responsibility on the part of the mortgagor.

The "below-market-interest-rate" section of the measure is both economically unsound and seriously meddles with the principles of a free market system. There is serious doubt that private mortgage funds would be invested under this provision. The bill itself provides for an additional authorization of \$750 million in Federal funds, admitting the potential of a persistent and unpredictable drain on public funds because of this financing technique.

I regret having to vote against this bill and have supported amendments on the Senate floor which would have provided for a more practical and economically feasible program in the field of

housing and community development. I cannot support a housing measure, however, which is patently inflationary; which disregards the realities of current experience with housing programs across the country; which discourages financial effort and responsibility on the part of the individual; which undercuts the crucial role of private industry in homebuilding; and which in its own financing provisions fails to include both the discipline required when dealing with the taxpayer's money and the dedication to basic principles essential to the continuing of our free enterprise economy.

Mr. SPARKMAN. Madam President, I yield 5 minutes to the distinguished Senator from New York.

Mr. JAVITS. Madam President, in view of the fact that this is a large bill, one of the largest, I think, that has ever been passed in the housing field, and there is some question about the extent of support which it will have on this side of the aisle, and in view of the fact that I intend to support the bill, I think it proper to state my reasons.

I believe the bill should be passed, for three reasons. First, except probably for civil rights, it represents, in my view, one of the greatest affirmations of the ability of our internal institutions, in terms of the cold war, upon which we have the opportunity to vote.

The fundamental difference which everyone finds between the Communist system and our system invariably boils down, in practical terms of day-to-day living, to housing, where we have a tremendous force for good, but the Communists have not been able to handle that problem.

Madam President, it is not insignificant—and I take into consideration the very important points made by the Senator from Illinois—that homeownership in the United States is now in the hands of approximately 60 percent of the American people—a great increase since World War II. This is a most important fact, and is one of the most critical things I know of in connection with our work for freedom.

Second, the entire FHA system, which this bill buttresses, constitutes one of the most important factors in connection with our work for freedom. For the reasons pointed out, private efforts in connection with this industry cannot stand alone. The private building industry might be able to take care of two-thirds of the homes needed, or a little more; but the difference between that amount and the 1,250,000 a year is essential to the growth of our society; and that is provided for in the pending bill, and is indispensable.

I believe the entire FHA system is an intelligent way to weld government credit into the private industry activities, and needs to be supported.

Third, Madam President, the bill is not inflationary, because anyone who has run a business knows that what counts is not only what one owes, but also what one has. Our Government owes \$300 billion, in round figures, but we also have an enormously rich country, worth at the very least \$800 billion, and perhaps a trillion dollars, or perhaps even more.

When homes are built, they add to the assets and resources of the country; and this bill will add many fold to the number of houses, because individual owners will develop their homes, will embellish them, will furnish them, will use them, will add automobiles to them, and will have greater incentive to work harder, and thus will add to the wealth of the country.

So, Madam President, for all these reasons—notwithstanding my unhappiness and my dissatisfaction over the fact that our colleagues on the other side of the aisle have again, I believe—and I say this advisedly—for more partisan reasons than they had any right to, foregone the best middle-income housing provision; and I hope and believe that as time passes they will come to the conclusion that the way to handle best the middle-income housing is the way we have urged, not the 40-year basis—I shall vote for the bill anyway, because I believe that in a situation of this sort it is essential.

Madam President, I am very grateful to the Senator from Indiana [Mr. CAPEHART] for allowing to remain in the bill the provision which gives the Administrator the right to reduce the charge for the FHA program from one-half of 1 percent to one-fourth of 1 percent. This provision has within it the seeds of enormous saving, and it can be of great benefit in confirming the fact that the FHA has been profitable and has accumulated large reserves, which should be passed on to the consumers. I am also very grateful to the Senator from Indiana for not pressing for the adoption of an amendment which might very well have changed that part of the bill.

The PRESIDING OFFICER. The time yielded to the Senator from New York has expired.

Mr. JAVITS. Madam President, I thank the Senator from Alabama for yielding this time to me. I shall complete the statement of my views in the RECORD.

Mr. SPARKMAN. I thank the Senator from New York for his statement.

Madam President, I yield 2 minutes to the Senator from Tennessee [Mr. GORE].

The PRESIDING OFFICER. The Senator from Tennessee is recognized for 2 minutes.

Mr. GORE. Madam President, there are today, despite some improvement in our economy, almost 5 million Americans who are unemployed. This condition of our economy makes it imperative that the Government have a vigorous housing program. In addition to that, our social objectives—the desire to promote homeownership, the desire to promote urban renewal and other worthwhile objectives dealt with in the bill—make it imperative that the Congress enact a housing bill. Without the enactment of a housing bill, all FHA home-loan guarantees would terminate this year. Without the enactment of a housing bill, the urban renewal program would come to a halt, and so would college housing and other worthwhile programs which have the wholehearted endorsement of the people.

Madam President, my efforts to modify the pending bill by means of amendments had one objective only—namely, improvement of the bill. I succeeded only in part. Obviously, therefore, there are retained in the bill provisions with which I disagree. Indeed, the chairman of the subcommittee has told the Senate that the bill contains provisions with which he disagreed in the committee, and with which he still disagrees.

Madam President, I have concluded to support the bill, despite its imperfections: I support the bill because of its economic necessity, because the heart and core of the pending bill are not the innovations with which I disagree but rather the continuations of the programs which have proven successful over the years.

The PRESIDING OFFICER. The time yielded the Senator from Tennessee has expired.

Mr. GORE. Madam President—

Mr. SPARKMAN. Madam President—

Mr. SMATHERS. Madam President, if the Senator from Alabama will yield 1 additional minute to the Senator from Tennessee—

Mr. SPARKMAN. I yield 1 additional minute to the Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for one additional minute.

Mr. SMATHERS. Madam President—

Mr. GORE. I yield.

Mr. SMATHERS. I wish to congratulate the Senator from Tennessee on his statement, and I join him in it. I supported the Senator from Tennessee in his efforts to eliminate the 40-year, no-downpayment provision. He succeeded in some measure, and I congratulate him for that. I believe he has improved the bill.

The bill contains some provisions of which I do not approve. However, I agree with the Senator from Tennessee that we must have a housing program going forward. I know of no program assisted by the Government that does more to build up our middle-class society and conservatism, than does homeownership; and certainly I would not want to vote against the bill and thus have that program brought to an end.

So I am happy to associate myself with the position taken by the distinguished Senator from Tennessee.

Mr. GORE. I thank the distinguished junior Senator from Florida for his generosity and for his contribution.

Mr. SPARKMAN. Madam President, I yield 4 minutes to the Senator from Pennsylvania [Mr. CLARK].

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 4 minutes.

Mr. CLARK. Madam President, until the senior Senator from New York [Mr. JAVITS] rose to his feet a few minutes ago and addressed the Senate, we had been listening, here on the floor of the Senate, for most of the afternoon, to the voice of the past, in my opinion—the voice of an age which has gone.

I am happy to note that in a few minutes the Senate will, without question, vote to support the needs of the present and the needs of the future, the needs which our people will encounter in the age which lies ahead, rather than to concentrate upon the dead past.

This is the best housing bill which has come before the Senate during my brief service here.

The bill contains provisions for at least nine major measures of great improvement.

The bill has for the first time a really effective moderate-income housing program, with provision for 40-year loans, with a small downpayment, fully insured, which, although it will knock out—because of the downpayment—such opportunities for 2 million American families of moderate income, still will leave 9 million such families available for this badly needed program, in order to give them a decent roof over their heads.

Second, the home improvement and rehabilitation program has been very much stepped up, with a limit of \$10,000 on the loans and 20 years for their repayment.

Third, the bill contains material provisions for the encouragement of advanced technology in connection with home building.

Fourth, the bill provides for the program of housing for the elderly; the bill will refurbish and improve that program.

Fifth, the bill provides a splendid step forward in authorizing almost 100,000 additional units of public housing, including special provisions for the disabled and the elderly.

Sixth, the bill proceeds at long last to place urban renewal on a long-term basis, so that metropolitan areas and cities can plan for the future.

A number of other very important improvements have been made in the urban renewal program.

Seventh, the college housing program has at last been put on a long-term basis, with an authorization of \$250 million for 5 years.

Eighth, mass transportation has been recognized as a problem of urban renewal, when merged with community facilities, and given money to get underway. Treasury borrowing has been provided as a method of financing the program.

Ninth, and last, the Federal National Mortgage Association has been financed with additional funds and the general FHA program has been extended for a period of 2 more years.

This bill makes a long stride forward toward the goal laid down for the first time in the Taft-Ellender-Wagner Act of 1939 of a decent home for every American family.

I could not conclude without expressing my appreciation to two splendid members of the minority, the Senator from New York [Mr. JAVITS] and the Senator from New Jersey [Mr. CASE], without whose votes many parts of this bill would have been wrecked.

I also express my appreciation to the Senator from Delaware [Mr. Boggs] and the Senator from Hawaii [Mr. Fong], whose votes on critical amendments were needed to protect a worthwhile program.

We are about to pass a first-class housing bill, and I shall support it.

Mr. SPARKMAN. Madam President, I yield 1 minute to the Senator from North Carolina [Mr. ERVIN].

Mr. ERVIN. Madam President, this bill illustrates a constantly occurring legislative situation. The bill before the Senate contains provisions which I think are wise. It likewise has provisions in it which I think are foolish. It has provisions in it which I think are sound. It likewise has provisions in it which I think are unsound.

If one were to wait to vote for a piece of major legislation until he found one which he thought was perfect, he would never cast an affirmative vote.

Notwithstanding my convictions that certain provisions of this bill are foolish and unwise, I think on the whole the good in the bill far outweighs the bad. For that reason I expect to vote for it on final passage.

Mr. SPARKMAN. Madam President, how much time do I have left?

The PRESIDING OFFICER. The Senator has 9 minutes remaining.

Mr. SPARKMAN. I yield myself 6 minutes.

Mr. CANNON. Madam President, will the Senator yield for a question?

Mr. SPARKMAN. I yield.

Mr. CANNON. Under the provisions of the act now in existence, preference was given to veterans of World War II and the Korean conflict. I note, under the report of the committee, under section 206, the section of the bill relating to admission policy, has been amended supposedly to give localities greater flexibility in shaping admission policy. I should like to ask the distinguished Senator if he believes that, under the bill as it now stands and which is before us for passage, the local admission agency would be permitted to establish a preference criteria, for example, for an airman, or an airman first class, or other military personnel, presuming they came within the income provision of the law, and give them a priority basis.

Mr. SPARKMAN. May I say to the Senator from Nevada that it is my interpretation of the provision that we wrote into the bill it does that very thing. The Senator has correctly read from the report, in which we call attention to the fact that it leaves the provision as it is and gives the local authority greater flexibility.

If he will refer to the bill, section 206, starting on page 39, and running over onto page 40, he will see, at the beginning of the section starting on line 21 on page 39, and running over to line 5 on the next page, it specifically refers to servicemen. In other words, it brings him in the same category as a veteran. The next paragraph relates to the income level. So if the serviceman comes within the income level, then he is eligible for the housing.

Mr. CANNON. The local agency could establish priority?

Mr. SPARKMAN. The local agency could establish regulations governing priority.

Mr. CASE of South Dakota. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. CASE of South Dakota. The Senator from South Dakota notes with interest that the provision for making grants for mass transportation demonstration projects in an amount not exceeding \$50 million differs somewhat from the capital grants that are proposed for urban renewal and redevelopment in paragraph (a) of section 103, and would like to know what the reason is.

Mr. SPARKMAN. I am trying to look at the report now.

To what page in the report does the Senator refer?

Mr. CASE of South Dakota. I am looking at page 4 of the 1949 act; but, briefly, the situation is that paragraph (a) of section 103 authorizes capital grants for development. The last sentence of paragraph (b) provides that the faith of the United States is solemnly pledged to the payment of all capital grants, which would cover those grants. But the new sentence provided by section 103 of the clean print of the bill does not refer to these grants for mass transportation demonstration projects as capital grants.

So, I must assume the language that the faith of the United States is solemnly pledged to the payment of capital grants does not refer to the \$50 million for mass transportation demonstration projects.

I make this point because I think it should be clear in the legislative history of the bill that the Appropriations Committee will not be under the same compulsion with respect to the \$50 million for the mass transportation demonstration projects that it would be with respect to providing funds for capital grants made under the terms and concept of paragraph (a) of section 103.

Mr. SPARKMAN. May I say to the Senator from South Dakota that I am sorry the Senator from New Jersey is not present on the floor, since this is a project which he handled. It was a project which I opposed in the committee, not because I was opposed to it as a program, but because I felt the demonstration proposal would be much wiser if it was brought before us after experts had a chance to study it and it could come in with its own recommendations in January. Nevertheless, the majority of the committee put the provision in the bill.

As I said in the colloquy with the distinguished minority leader earlier in the afternoon, every Republican on the committee voted for it. It was a bipartisan matter.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SPARKMAN. Madam President, I yield myself 1 minute. It is my opinion—this is only my opinion; I shall be very glad to have our staff check into it and give the Senator from South Dakota a memorandum later, if he wants it—

that there is no distinction between this grant authorization and that provided in the act of 1949.

Mr. CASE of South Dakota. I would have to challenge that as a part of the legislative history, because in 1949 in the House of Representatives I raised a point of order as to funds obtained for the loan section of the bill, contending it constituted an appropriation. Here we have a different situation. The grant section was made dependent upon appropriations, and the Appropriations Committee is respected and named. But the sentence which is not amended by the bill is the second sentence of (b) of section 103, which pledges the faith of the United States only to the payment of capital grants.

I invite attention to the fact that the portion relating to \$50 million does not specify capital grants but relates only to grants in a general way.

Mr. SPARKMAN. Madam President, I yield myself 1 minute to answer the question.

This action of the bill provides for contract authority to make capital grants.

Mr. CASE of South Dakota. The word "capital" does not appear.

Mr. SPARKMAN. I state again that in my opinion there is no distinction between the "grants" provided for under the 1961 bill and those provided for in the act of 1949.

Mr. CASE of South Dakota. Madam President, I must point out that the old sentence 1 referred to "capital grants" and the new sentence 1 for paragraph (b) which is provided by the amendment does not refer to "capital grants," but refers to "grants" in a general way. The reference to mass transportation is only to "grants" and not to "capital grants." Therefore, I hope the Appropriations Committee will take due notice that it is not under the same compulsion with respect to the \$50 million for mass transportation demonstration projects as it might be with respect to other items in section 103.

Mr. SPARKMAN. Madam President, in consideration of the Housing Act of 1959, Mr. Norman Mason, the head of the Housing and Home Finance Agency, testified before the committee that the use of the word "capital" was not necessary. The amendments submitted that year revised the wording under section 103(b), deleting all reference to "capital grants" and replaced them with "grants".

The PRESIDING OFFICER. The time of the Senator from Alabama has expired.

Mr. SPARKMAN. Madam President, I ask unanimous consent that I may have an additional 5 minutes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama? The Chair hears none, and it is so ordered.

Mr. SPARKMAN. Madam President, I shall take only a few minutes to summarize the items relating to the bill. I shall mention only a few.

I am sorry that my friend the minority leader is not in the Chamber at this time. He talked about the veterans' di-

rect loan program. This has been one of the most popular, yet relatively small programs we have had in the whole country. The Senator said it would snowball. As a matter of fact, it has been going for 11 years and has not snowballed.

The thing which perhaps the Senator overlooks is that there is a definite cutoff provided in the bill. We are phasing that program out and also phasing out the GI guarantee program. Those features are both carried in the bill, and I think they should be accepted with pleasure by Senators generally.

A statement has been made that this is the largest housing bill ever. That may be true; I do not know. This is the first time we have ever considered a bill which carried provisions for several years of the program. The Senate has, at times, passed bills for long periods. We passed a bill providing 6 years of urban renewal, but that was never agreed to.

The bill before us provides for a program of urban renewal with the time not limited, but the administration has suggested it would take 4 years to carry out the program. There is a 5-year farm program in the bill. There is a long-term college loan program in the bill. There are many other long-term programs. When we add up the total, including all of the years the program would run, the amount involved becomes quite large.

There is one thing I wish to say for the many people who are still disturbed about the 40-year limitation. I repeat what I have said many times: This is nothing new. I wager that very few Senators in the Chamber realize that one of the old, reliable sections of the FHA program is section 207, the standard rental program. That program has had 40-year mortgages since 1951.

In addition, there are 40-year programs under section 213, section 220, section 221, section 231, and section 232. There has been a remarkable showing as we have seen from our experience under section 213.

Madam President, I ask unanimous consent to have printed in the RECORD at this point a statement on the FHA 40-year mortgage programs showing the loss experience on FHA 40-year sales housing programs, including FHA section 221 housing for displaced families, and FHA section 213 cooperative housing.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

FHA 40-YEAR MORTGAGES

Existing law permits FHA to insure mortgages on a 40-year repayment basis as follows:

1. SALES HOUSING

Section 221—housing for displaced families, 40-year mortgages first authorized by law in 1956.

Section 213—cooperative housing, first authorized in 1950.

(See next page for default experience under these programs.)

2. RENTAL HOUSING

All multifamily housing insured by FHA are in practice on long-term basis of over 39 years. This includes rental housing under

sections 207, 213, 220, 221, 231, and 232. Sections 213 and 221 place a statutory limit of 40 years or three-fourths of the remaining economic life of the property on the term of loan. The other sections of the law permit the FHA Commissioner to set the maximum term and he has set the 39-year term.

LOSS EXPERIENCE ON FHA 40-YEAR SALES HOUSING PROGRAMS

(a) FHA Section 221: Housing for Displaced Families.—Total loans insured, 24,000 for \$218 million. Mortgages defaulted and acquired by FHA, 454 mortgages for \$4 million.

Experience on resale of FHA acquired section 221 mortgaged property shows that the average dollar loss per property is \$1,150. (Based on sale of 70 properties to date which were sold at a loss of \$80,000.)

If all 454 defaulted properties were to be sold at the same average loss as the first 70 properties, the total loss would be \$520,000, or .22 percent of the total amount insured.

(b) FHA Section 213: Cooperative Housing.—Total loans insured, 28,500 for \$334 million. Mortgages defaulted and acquired by FHA, 95 mortgages for \$1,266,000.

Experience on resale of FHA acquired section 213 properties shows that the average dollar loss per property is about \$1,500. (Based on sale of 48 properties to date which show a total loss of about \$75,000.)

If all 95 properties were to be sold at the same average loss as the first 48, the total loss would be less than \$150,000, or .05 percent of the total amount insured.

Mr. SPARKMAN. Madam President, I ask unanimous consent to have printed in the RECORD a table showing the claims experienced on VA-guaranteed home loans, and also a table connected therewith showing the incidence of claims on primary GI home loans, by years the mortgage has run. I ask Senators to remember that these are no-downpayment mortgages for the most part.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

CLAIMS EXPERIENCED ON VA-GUARANTEED HOME LOANS

A special study of claims experience on VA-guaranteed primary home loans for home purchase from the beginning of the program in 1944 through June 1957 revealed the following:

	Number guaranteed	Claims paid	
		Number	Percent of number guaranteed
Downpayment loans.	3,096,062	13,401	0.43
No downpayment loans	1,190,723	12,642	1.06
Total primary loans for home purchase	4,286,785	26,043	.61

The attached table contains the incidence of claim payments in the life of the loans. In making this study, loans on which claims were paid were grouped by year of loan origination and the elapsed time between the origin and date of claim payment was computed. With very little variation from year to year, the highest incidence of claim payments occurred during the early life of the loans—usually between 1½ and 3½ years after the loans were made. It will be noted that the incidence of claim payments declines rapidly after the first 3 or 4 years in the life of the mortgages.

Incidence of claims on primary GI home loans

Elapsed time after loan was guaranteed:	Claims paid as percent of loans guaranteed
Less than 6 months	0.004
6 months to 1 year	.021
1 to 1½ years	.075
1½ to 2 years	.105
2 to 2½ years	.107
2½ to 3 years	.100
3 to 3½ years	.088
3½ to 4 years	.075
4 to 4½ years	.062
4½ to 5 years	.052
5 to 5½ years	.043
5½ to 6 years	.039
6 to 6½ years	.035
6½ to 7 years	.028
7 to 7½ years	.025
7½ to 8 years	.020
8 to 8½ years	.017
8½ to 9 years	.019
9 to 9½ years	.017
9½ to 10 years	.017
10 to 10½ years	.002

Mr. SPARKMAN. Madam President, I also ask unanimous consent to have printed in the RECORD a table relating to the operations of the Federal National Mortgage Association, covering the time it has been operating.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

FNMA is a profitable enterprise. On its combined operations its earnings or accumulated net income as of December 31, 1960, is \$414 million. These earnings are distributed as follows:

[Millions]	
Dividends paid on preferred stock	\$10.7
Dividends paid on common stock	4.4
Surplus and earnings paid to U.S. Government	164.4
Reserves and undistributed surplus	234.5
Total	414.0

Mr. CAPEHART. Madam President, will the Senator yield me 2 minutes?

Mr. SPARKMAN. Madam President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 1 minute remaining.

Mr. SPARKMAN. Madam President, I yield 1 minute to the Senator from Indiana.

Mr. CAPEHART. Madam President, I ask unanimous consent that the time may be extended, and that I may have not to exceed 5 minutes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Indiana? The Chair hears none, and it is so ordered.

Mr. CAPEHART. Madam President, I do not wish to have anyone think I am casting any reflection upon anybody, but to my mind the bill before us is the best example in the world as to why nations go socialistic. We are constantly asked to liberalize and to liberalize, to eat away the private enterprise system. In my opinion the bill before us is one of the reasons why other nations throughout the world are losing confidence in the United States, because we talk one way and act another.

We tried to amend the bill in many directions. In some we succeeded, and in others we did not. The bill provides

a lot of little things to which I refer as "cats and dogs."

Senators would be amazed, if they would take the time to study the bill carefully, to learn the number of little ways in which the bill has been liberalized. Therein lies the danger in the bill.

I shall vote against the bill, because that is the only way I can protest against taking what has been a good piece of proposed legislation and misusing it by liberalizing it to the point that, if we do not stop, some day we may well nationalize the housing industry of the United States. That is a reason why Senators ought to vote against the bill.

Another reason why Senators ought to vote against the bill is that there has not been a Senator who has spoken on the bill who has not said there are some things he likes about it and other things he dislikes about it. There has not been a single Senator who has been 100 percent satisfied with the proposed legislation.

I hope Senators will believe me when I say that this is a real example of what happens to governments and to legislative bodies which do not have the courage to stop liberalizing good legislation so that some day they reach the point of wrecking the program. In my opinion, some day we shall wreck the FHA program.

Senators should read the bill carefully. They ought to read the fine print. The bill would give to the Federal Administrator of the Housing and Home Finance Agency, whoever he may be and whatever his policies may be, power beyond the point each and every Senator would oppose, if Senators realized how much power the bill would give the Federal Administrator.

I plead with the Senate. I know we shall not succeed in stopping the passage of the bill. I know that the bill will be passed. Ever since I first came to the U.S. Senate I have supported FHA legislation. I wish I could support the present measure. However, I shall cast a protest vote against the constant increasing liberality contained in bills such as the pending bill, which, in my opinion, tend to bring us down the road of socialism. It would be very easy to advocate building a house for every person in the United States. Our opposition would so provide. But how, in good conscience, can we continue to vote for such proposed legislation as we are asked to vote upon today, and at the same time constantly appropriate money to stop the progress of socialism and communism in other countries? Constantly we go farther forward into socialism. We place the government further and further into the lives of the American people and further and further into the private enterprise system. One could not in good conscience vote for the proposed legislation if he were opposed to socializing American industry. The really bad elements of the proposed legislation are little things, such as the authority, power, and control proposed to be given the administrator. Amend-

ments were not offered to correct such things because such amendments could not be offered. The big weakness of the bill lies at that point.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MANSFIELD. Madam President, I ask for the yeas and nays on the passage of the bill.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill having been read the third time, the question is, shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD (when his name was called). On this vote I have a pair with the Senator from Ohio [Mr. LAUSCHE]. If he were present and voting he would vote "nay." If I were at liberty to vote I would vote "yea." Therefore I withhold my vote.

Mr. PROUTY (when his name was called). On this vote I have a pair with the senior Senator from Oregon [Mr. MORSE]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Ohio [Mr. LAUSCHE] and the Senator from Oregon [Mr. MORSE] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that the Senator from Texas [Mr. BLAKLEY] is necessarily absent.

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from New Hampshire [Mr. BRIDGES]. If present and voting, the Senator from New Mexico would vote "yea" and the Senator from New Hampshire would vote "nay."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES] and the Senator from Kansas [Mr. SCHOEPP] are absent on official business.

The Senator from Connecticut [Mr. BUSH], the Senator from Nebraska [Mr. HRUSKA] and the Senator from Kentucky [Mr. MORTON] are necessarily absent.

On this vote, the Senator from Connecticut [Mr. BUSH] is paired with the Senator from Nebraska [Mr. HRUSKA]. If present and voting, the Senator from Connecticut would vote "yea," and the Senator from Nebraska would vote "nay."

On this vote, the Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from New Hampshire would vote "nay," and the Senator from New Mexico would vote "yea."

If present and voting the Senator from Kansas [Mr. SCHOEPP] would vote "nay."

The result was announced—yeas 64, nays 25, as follows:

[No. 77]

YEAS—64

Aiken	Gruening	Metcalfe
Anderson	Hart	Monroney
Bartlett	Hartke	Moss
Beall	Hayden	Muskie
Bible	Hickey	Neuberger
Boggs	Hill	Pastore
Burdick	Humphrey	Pell
Byrd, W. Va.	Jackson	Proxmire
Cannon	Javits	Randolph
Carroll	Johnston	Scott
Case, N.J.	Jordan	Smathers
Church	Keating	Smith, Mass.
Clark	Kefauver	Smith, Maine
Cooper	Kerr	Sparkman
Dodd	Kuciel	Symington
Douglas	Long, Mo.	Talmadge
Ellender	Long, Hawaii	Wiley
Engle	Long, La.	Williams, N.J.
Ervin	Magnuson	Yarborough
Fong	McCarthy	Young, Ohio
Fulbright	McGee	
Gore	McNamara	

NAYS—25

Allott	Dirksen	Robertson
Bennett	Dworshak	Russell
Butler	Eastland	Saltonstall
Byrd, Va.	Goldwater	Stennis
Capehart	Hickenlooper	Thurmond
Carlson	Holland	Williams, Del.
Case, S. Dak.	McClellan	Young, N. Dak.
Cotton	Miller	
Curtis	Mundt	

NOT VOTING—11

Blakley	Hruska	Morton
Bridges	Lausche	Prouty
Bush	Mansfield	Schoeppel
Chavez	Morse	

So the bill (S. 1922) was passed.

Mr. SPARKMAN. Madam President, I move to reconsider the vote by which the bill was passed.

Mr. HUMPHREY. Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SPARKMAN. Madam President, I ask unanimous consent that the Secretary may be authorized to make certain technical and other changes of a purely clerical nature in engrossing the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Madam President, it is only proper at this time to express my appreciation to the distinguished chairman of the subcommittee who handled the bill which has just been passed by the Senate, the Senator from Alabama [Mr. SPARKMAN]. He has shown rare managerial capacity. Certainly he had full and complete knowledge of the bill before us. I salute him. I wish also to salute and express my thanks to the ranking minority member of the committee, the Senator from Indiana [Mr. CAPEHART] who fought a hard, clean fight in trying to bring about changes in the bill which he thought were right and proper.

I believe that the distinguished Senator from Tennessee [Mr. GORE], whose amendment was adopted, likewise is entitled to great credit for what he did, which, in effect, made the bill stronger than it was when it was first presented to the Senate.

I express my thanks to the members of the committee handling the legislation and to the leadership on the Republican side of the aisle, as well as to all other Senators, for the kindness, courtesy, and consideration shown.

Mr. DIRKSEN. Madam President, I express my thanks to all the members of the committee on the minority side. This is one of the most bewildering bills I have ever seen. I know that it required a rare degree of patience and sustained effort to understand and explain not only the bill, but also the very perplexing amendments that were before us. I salute them for their excellent efforts, even though we did not agree with respect to some of them.

**CONTINENTAL HOSIERY MILLS, INC.,
HENDERSON, N.C.**

Mr. DIRKSEN. Madam President, while a number of Senators are in the Chamber, I wish to ask the distinguished majority leader what is the program for the remainder of the day and what is planned for tomorrow.

Mr. MANSFIELD. Madam President, in response to the question raised by the distinguished minority leader, I first move that the Senate proceed to the consideration of Calendar No. 322, S. 1206, for the relief of Continental Hosiery Mills, Inc., of Henderson, N.C., successor to Continental Hosiery Co., of Henderson, N.C.

The PRESIDING OFFICER (Mr. Burdick in the chair). The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill.

LEGISLATIVE PROGRAM

Mr. MANSFIELD. Mr. President, next, it is the intention of the leadership to bring up the Menominee Indian bill today. Tomorrow, it is proposed to begin consideration of the nominations of Messrs. Joseph C. Swidler and Howard Morgan to be members of the Federal Power Commission.

After that, the Senate will take up the highway tax bill, which has been reported by both the Committee on Public Works and the Committee on Finance. It is anticipated that the Senate may be able to start debating that bill tomorrow, although that will depend on the length of debate on the nominations of Messrs. Swidler and Morgan. At any rate, it is hoped that the Senate can begin the debate of the highway tax bill not later than Wednesday. It is hoped that it may be finished within a couple of days.

If that is the case, toward the end of the week the Senate will give consideration to Calendar 176, S. 1185, a bill to amend the Merchant Marine Act, 1936, in order to authorize the expenditure from certain capital reserve funds of certain amounts for research, development, and design expenses; Calendar No. 177, S. 1183, to amend the Merchant Marine Act, 1936, in order to provide for the reimbursement of certain vessel construction expenses; and Calendar 283, S. 1430, for the relief of Terez Kaszap.

If, however, those bills are arranged in such form as to be considered only late on Friday, they will not be considered on that day, but will go over until the following week.

Mr. DIRKSEN. Mr. President, my understanding is also that on Thursday the first order of business will be the investiture of the very distinguished Senator-elect from Texas, Mr. John Tower.

Mr. MANSFIELD. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield.

Mr. MANSFIELD. The Senator from Illinois is correct. The first order of business, either before or after the conclusion of the morning hour, will be the "investiture" of the new Senator from Texas. I assure the Senate that the Vice President will be here to do the honors in person.

Mr. DIRKSEN. Mr. President, I trust there will be a full attendance of the Senate membership on Thursday, because while we shall be paying tribute to JOHN TOWER, we shall also be paying tribute to the perspicacity and discernment of the electorate of the great unfrozen State of Texas, the largest unfrozen State in the Union.

If it could be contrived within the rules of the Senate, I wish we could bring in an orchestra to play "The Yellow Rose of Texas."

Mr. MANSFIELD. We could hum it.

Mr. DWORSHAK. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. DWORSHAK. Can the distinguished majority leader give us any assurance concerning the possibility of considering proposed legislation at an early date which will probably have as its objective the increasing of Federal revenue with which to finance the increasing multibillion dollar spending in which we are now engaged? Or will that be relegated to the discard until late next year, too late for action in the next session?

Mr. MANSFIELD. I cannot answer the question of the distinguished Senator from Idaho in detail; but if any request is made for appropriations to construct the Kootenai project in northern Idaho, the Senator may rest assured that it will receive immediate consideration.

Mr. DWORSHAK. The Senator from Idaho is very sincere. I have read some of the messages sent to Congress by the Chief Executive, pointing out that throughout the world the United States is assuming greater responsibility for providing increased foreign aid, military aid, and economic aid for countries everywhere. It is considered to be almost certain that in the coming fiscal year this Government will be facing a deficit of probably \$5 billion. I am certain the distinguished majority leader knows that we cannot continue to accentuate these inflationary threats without jeopardizing the security of the country.

We talk about national survival. Are we so completely complacent and indifferent to the demands for maintaining a budget which will not weaken our economic structure that we will bankrupt our country?

Mr. MANSFIELD. I want the Senator from Idaho to know that I really appreciate the seriousness with which he raises the question.

Frankly, I do not know the answer to the question he has raised. However, to-

morrow the Senate will begin the consideration of the highway tax bill, which will call for increases in revenues. There will be other proposals, such as an increase in postal rates, which will come before Congress, I hope, before the first session ends, so that we can face up to our responsibility at least in those two respects.

Mr. DIRKSEN. Mr. President, I understand that the two distinguished Senator from Wisconsin [Mr. WILEY and Mr. PROXMIRE] have a particular interest in the Menominee Indian bill, and that there is some conflict of opinion. I should like to inquire how long the Senators from Wisconsin expect to address themselves to the bill and whether it is proposed to ask for a yea-and-nay vote on it today.

Mr. PROXMIRE. It is my expectation to speak for about 10 minutes. I shall not ask for a yea-and-nay vote.

PROPOSED ORDER FOR ADJOURNMENT TO 11 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, the request I am about to make is made after discussion with the distinguished minority leader.

I ask unanimous consent that when the Senate adjourns tonight, it adjourn until 11 o'clock tomorrow morning.

The PRESIDING OFFICER. Is there objection?

CONFERRING OF HONORARY DOCTOR OF LAWS DEGREE ON ROBERT G. BAKER, SECRETARY FOR THE MAJORITY

Mr. DIRKSEN. Mr. President, I reserve the right to object to the request of the Senator from Montana only to pay tribute to a very distinguished member of the staff of the U.S. Senate, Mr. Robert G. Baker, who on yesterday was honored by American University by the conferral upon him of the honorary degree of doctor of laws.

I have known Robert Baker ever since I came to the Senate. I have noticed the efficiency with which he labors. I have noticed the knowledgeable way in which he serves the Senate and the country. Of all the persons I could name, I could name no other who so richly deserves his honor.

May other institutions follow suit and lavish upon him richly deserved degrees, because when they do so, they pay tribute to the Senate as an institution, to its personnel, and to its part as an integral component in the greatest free Republic on the face of the earth.

Dr. Baker, I salute you.

Mr. THURMOND. Mr. President, I associate myself with the remarks of the able and distinguished Senator from Illinois [Mr. DIRKSEN].

Mr. Baker was born and raised in Pickens, S.C. On the Sunday before last, I had the pleasure of being in Pickens, the home county of Mr. Baker, and joining in the dedication of the new post office there. Mr. Baker's father is the postmaster at Pickens. I had the pleasure of voting last year for

ate their stations will no longer be a matter of form, and that he intends to find out what the people in the communities served by the stations think of the programing they are getting.

The Kingstree case was far from ideal for a test of Minow's new policy, but it has demonstrated that with the proper approach and interpretation, the New Frontier can successfully set up an outpost in this untried area.

VULGARITY CHARGE

The Kingstree case originated months ago when the FCC received a complaint alleging that a disc jockey had been making vulgar and suggestive remarks on programs broadcast by Kingstree radio station WDKD. Tape recordings of some of the programs were sent to substantiate the complaint.

Louis Bryan, of the FCC Complaints and Compliance Division, checked out the compliant and recommended a hearing.

When the station's owner, R. G. Robinson, Jr., applied for renewal of his license, the Commission scheduled a hearing to determine whether the licensee had been properly supervising station operations and whether the statements he made in his application were true.

At the request of Robinson's attorneys, the issues were broadened to include consideration of the station's overall programing during the most recent 3-year license renewal period. The local citizens were therefore free to express their opinions on any aspect of their daily radio diet.

INTEREST HIGH

Local interest in the case was intense, for several reasons. The diskjockey involved had been with the station for many years and had such a substantial following that one merchant who advertised on the program testified his business fell off about 20 percent after the performer was fired.

Other local residents had been up in arms about the off-color remarks for some time; a clergyman testified that the local ministerial association discussed the matter but decided "there was nothing we could do about it" except appeal individually to Robinson.

Robinson also had many friends and business associates in the community, where he owned a 70-acre farm and a liquor store. Townfolks recalled how concerned they had been when his teenage daughter had a brain tumor several years ago and was critically ill for weeks. More recently, Robinson himself had been seriously injured in an automobile accident in which another man was killed.

Kingstree, population 3,874, is also the kind of town that is inclined to back up its native sons in conflicts with outsiders. It is so conscious of distinctions in nativity that its mayor, W. B. Bower, faced a campaign charge that he was an outsider; he had only lived there for 28 years.

Local attitudes toward Government agencies are doubtless influenced by the editorial stands of the daily newspapers that serve the community from Columbia, the State capital, and Charleston, both about 75 miles away.

Day after day, the newspapers deplore Federal taxes and the encroachment of the Federal Government.

The dailies gave little space to news of the hearing, and the local weekly, the County Record, mentioned it not at all, the editor explaining that nobody had asked her to print anything about it except the required legal notices.

WDKD also ignored the hearing in its newscasts, but television stations in Charleston and in Florence, which is 40 miles away, were permitted to bring cameras into the hearing room and gave spot news coverage.

Soon after FCC Broadcast Bureau attorneys P. W. Valicenti and Donald Rushford arrived to prepare their case, they heard a youngster pointing them out as "the guvament men." The day the hearing opened, a teenager at a party started the "FCC go home" cry.

When Examiner Donahue opened the hearing May 31 by calling for volunteers to testify, nobody stepped forward. Public discussion of community issues is not in the Kingstree tradition. Mrs. Robinson told a reporter: "If you have discussions in a town with this many Negroes (the county population is 66.5 percent Negro), you'll have one running for office."

PASTOR WARNED

Witnesses for the defense appeared voluntarily, but FCC witnesses came only under subpoena. Some people could not be located for subpoena—including the controversial disc jockey.

The pastor of the Kingstree Methodist Church testified that the town's two bank presidents, both members of the official board of his church, had warned him that if he testified for the FCC, he would hurt himself in the community and would hurt his church, which was about to start a building program.

Robinson conceded that in relation to the diskjockey he had made an error in judgment, and testified that he would never repeat the error.

In other testimony, it was brought out that his station had broadcast as many as 474 commercial spot announcements in one broadcast day, between 5 a.m. and 6:56 p.m. A former employee testified that he had been required to read solid spot announcements for 15 minutes on the air.

As the hearing progressed and it became clear that the FCC was interested in improving the radio station's service to the community if necessary, the townspeople and the witnesses began to relax.

Examiner Donahue maintained a good humor which delighted and disarmed the participants, and eased the strict rules of evidence sufficiently to permit witnesses for both sides to give pertinent testimony in their own ways, with a minimum of interruption.

The examiner found Kingstree a charming little town.

"I have always thought that it is advantageous for hearings to be held locally," Examiner Donahue told a reporter.

Kenneth Cox, Chief of the FCC's Broadcast Bureau, told the Washington Post that although the Kingstree case is not typical of the hearings planned under the Minow policy because of the vulgarity issue, it is a good example "that you can't really prove this kind of case without doing it this way and aside from anything the Commission may actually do in the case, it is good for broadcasters and the public to think about their responsibilities."

OPPOSITION TO INCREASE OF COMMERCIALS ON TELEVISION

Mr. McGEE. Mr. President, I ask unanimous consent to have printed in the RECORD an article in regard to a study of what America thinks of the increase of commercials on television. The article discloses that more and more persons are coming to oppose the increased amount of time being devoted to commercials at the present time.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MAJORITY OPPOSES TV COMMERCIAL RISE

NEW YORK, June 10.—A huge majority of Americans is opposed to plans to increase television commercials, this week's "What America Thinks" poll indicates.

Three out of every four persons interviewed said they were against increased time for commercials between programs. And of those opposed, about half volunteered the opinion that there are too many commercials already.

This is the question asked: "This fall, one network is increasing the time for commercials between programs by 30 percent. The other two networks indicate they will follow suit. As a viewer, what do you think of this move?"

PERCENTAGES SHOWN

Here is a percentage tabulation of the answers nationally:

Strongly opposed.....	24.8
Opposed.....	51.4
Total opposed.....	76.2
Industry needs money.....	3.8
Like commercials.....	1.4
Like more time between shows.....	1.0
Total favorable.....	6.3
All right, if fewer in number.....	5.4
All right, if better.....	2.9
All right, if better programs.....	1.9
Total qualifiedly favorable.....	10.6
Don't watch TV.....	5.8
No opinion.....	1.5
Total opinion.....	7.3

Here is a sampling a responses, starting with those opposed.

"This can be the death knell for TV," said a Long Island real estate broker. "The constant interruptions for commercials have already discouraged and thoroughly irritated an increasing number of viewers. Additional interruptions will completely discourage interest in TV."

"This is ridiculous," said a Rhode Island salesman. "Many viewers are already turning off their sets when commercials come on."

"They should decrease commercials by 30 percent," said a Texas aircraft mechanic. "I can't concentrate on the shows for the commercials now."

"I make it a policy to stay away from TV-advertised merchandise just for spite," said the wife of a New York small businessman. "Nine out of ten commercials are obnoxious."

THOSE HELD FAVORABLE

Here is a sampling of those favorable to the plan:

"After all, the sponsors are paying for the programs and they have to survive," said a New Mexico wholesale official. "I am in business and have to do a lot of advertising, so I know."

"If the stations think they need more money, of course they should put on more commercials," said a Virginia railroad employee. "They are just like everybody else, trying to better themselves."

"Advertising is good, so let's have more commercials," said a retired Missourian.

Here are some of the qualified answers: "It's fine with me if they make the commercials 30 percent better," said the wife of an Iowa salesman. "Some of the commercials are an insult to our intelligence and treat us as if we are so dumb and gullible that we will buy anything except Brand X."

"I know we have to have commercials, but I wish they would not have so much corn and would tell me how so many products in the same line can be best," said an Iowa landscaper.

"Some of the commercials are better than the picture and I look forward to seeing them," said a California painter.

DEMOCRATS GAIN SUPPORT ON
PEACE AND PROSPERITY

Mr. McGEE. Mr. President, I ask unanimous consent to have printed in the RECORD a recent Gallup poll which disclosed findings of voter opinion on two questions, as follows:

Which political party do you think would be more likely to keep the United States out of world war III—the Republican Party or the Democratic Party?

Looking ahead for the next few years, which political party—the Republican or the Democratic—do you think will do the best job of keeping the country prosperous.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DEMOCRATS GAIN SUPPORT ON PEACE AND
PROSPERITY

PRINCETON, N.J., June 10.—The closely fought 1960 presidential campaign saw the voters divided over the basic issues of peace and prosperity. Concern with the international situation worked to the Republicans' advantage. Domestic worries helped the Democratic cause.

Today—6 months after last November's Democratic victory—the two parties stand even in voters' minds on the issue of keeping the country out of war.

During the same period the Democrats have advanced to a commanding lead over the GOP on the issue of keeping the country prosperous.

To see how the public currently appraises the two parties' ability to handle the key issue of peace and prosperity, the Gallup poll assigned its interviewers to repeat two questions asked at periodic intervals during last year's campaign. The first question:

"Which political party do you think would be more likely to keep the United States out of world war III—the Republican Party or the Democratic Party?"

The latest survey—completed just before President Kennedy's meeting with Soviet Premier Nikita S. Khrushchev in Vienna—shows the following division of opinion:

[Percent]	
Democratic	30
Republican	28
No difference.....	27
No opinion.....	15

By way of comparison, here was the vote on this question on the eve of the 1960 election:

[Percent]	
Republican	40
Democratic	25
No difference.....	21
No opinion.....	14

The second question asked in the survey: "Looking ahead for the next few years, which political party—the Republican or the Democratic—do you think will do the best job of keeping the country prosperous?"

The latest vote:

[Percent]	
Democratic	54
Republican	20
No difference.....	14
No opinion.....	12

In late October of 1960, opinion divided as follows on this question:

[Percent]	
Democratic	47
Republican	31
No difference.....	9
No opinion.....	13

THE OMNIBUS HOUSING BILL

Mr. CARLSON. Mr. President, I had hoped that I would be able to support

an expanded program for additional housing; but after following the debate, I feel I must vote against the pending bill.

At a time when we are faced with a budget deficit in the next fiscal year that may reach \$5 billion, I do not believe we should vote an additional item of \$9.3 billion for housing. This measure in my opinion is both extravagant and inflationary. I do not believe the evidence presented to the Senate Committee on Banking and Currency or to the Senate has demonstrated a need for this type of legislation.

I oppose the new 40-year, no-down-payment, FHA-insured-loan program. While it is stated that this is a 2-year experimental program, those of us who are familiar with legislation realize that once we embark on a program of this type, it becomes permanent.

It is my opinion that this 40-year, no-down-payment, FHA-insured-loan program will, in the final analysis, do little in the way of assistance to those who are desirous of building their own homes. Presently, we have private- and public-supported programs that have demonstrated their usefulness in constructing millions of homes in our Nation.

There is much in this bill that I approve of, and there are many good features; but on the whole, I cannot support this greatly expanded omnibus housing bill.

BERLIN CRISIS

Mr. WILEY. Mr. President, the preservation of freedom in West Berlin—toward which Mr. Khrushchev is making new threats—continues to be a must in Western policy.

Time after time, Khrushchev has threatened to sign a separate German peace treaty.

Until now, this has been used as a kind of threat to attempt to wring concessions from the West. An East German-Soviet treaty, of course, would mean nothing in terms of lessening Soviet control over the regime. The only real difference would be that Khrushchev could then say that troublemaking by the East Germans was out of his hands—even though this would be a lie.

The Kremlin, however, apparently is looking for an excuse to create trouble.

President Kennedy reported that the relative calm of his general discussions with Khrushchev was severely broken by a flareup on Berlin.

If this city—a showplace of dramatic differences between East and West progress—is, in Mr. Khrushchev's words, a "bone in his throat," then I say this is additional evidence of the need for preserving the interests of West Berlin.

Tactically, the outflow of such trumped-up accusations from the Kremlin is usually a forerunner of provocative acts by the Reds—committing the wrongs of which they accuse the West. Consequently, we—as we are witnessing—can expect new threats, or deliberate efforts to increase tensions in the cold war.

Berlin, however, represents a place where are drawn distinct lines of battle. The West has valid responsibilities and

rights. The Communists can violate these rights only at the risk of war. The history of our own experience with dictators—particularly those of communism—demonstrates that one-sided concessions to them only pave the way for more concessions. If this is done now, it would seriously undermine the whole position of the West.

In Berlin, we cannot—we must not—back down.

We can expect, of course, that—as long as there are East-West differences and West Berlin is free—the city will continue to be a bone of contention, particularly troublesome to the Kremlin leader, and a focal point of periodic troublemaking by the Communists.

Today, the New York Times published an editorial entitled, "The Issue Is Peace" reflecting perspective and clarification of the issues at stake in Berlin. I request unanimous consent to have this editorial printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE ISSUE IS PEACE

Further evidence that Premier Khrushchev is not only nibbling at the periphery of the free world but also driving toward a showdown at its center, with Berlin as a focal point, is provided by a memorandum he handed to President Kennedy in Vienna and now propagandizes to the world.

In it the Soviet ruler sweeps aside all wartime agreements, the Atlantic Charter, the United Nations Charter and his own anticolonial doctrine of self-determination and undertakes to dictate his own peace terms to Europe. These terms spell out his grand design to use Berlin as a lever to conquer Germany and then to use Germany as a lever for the conquest of Europe that would assure a Communist world triumph.

Though maintaining previously known Soviet positions, the new Caesar offers the West three choices. With an eye on neutralist and pacifist sentiment that is always in favor of such projects he calls for an immediate peace conference to write a peace treaty with both East and West Germany, jointly or separately, and establish a free city of West Berlin stripped of protecting Western troops. This would legalize the partition of Germany, further Balkanize Europe and, as East Germany's Soviet agents boast, topple the ruling classes in West Germany and knock it out of the North Atlantic alliance, thereby wrecking both.

As an alternative, the Soviet ruler would have the Western powers join him in summoning the West German Government and his East German agents to a meeting of their own to agree within 6 months on both German reunification and a peace treaty. But the Communists insist that reunification could come only after West Germany has been socialized under a Communist dictatorship on the East German model. This would bring Soviet power to the Rhine and Europe would be at its mercy.

The third choice is for the West to acquiesce in a separate Soviet peace treaty with his East German agents. Under it Premier Khrushchev proposes to arrogate to himself the right to cancel Western rights in Berlin, to put its life lines under East German control and in case of a new Berlin blockade to back it with Soviet might even at the risk of war.

This is the somber situation to which President Kennedy referred. The West cannot afford to lose any time in girding itself for a showdown—militarily by strengthening its forces in Europe, politically and

June 20, 1961

12. WATER RIGHTS. Sen. Kuchel inserted a statement in which he said "conflicts between the States and the Federal Government over the control and use of water are growing sharper and more serious." pp. 10024-5
13. HOUSING. Sen. Thurmond inserted an article, "House Without Foundation," saying that it "clearly points out the excesses and impracticalities of the omnibus housing bill." pp. 10043-4

HOUSE

14. HOUSING; FARM LOANS. The Rules Committee reported a rule for the consideration of H. R. 6028, the omnibus housing bill. p. 10117
15. SUPPLY. Both Houses received from GSA a proposed bill "To amend section 109 of the Federal Property and Administrative Services Act of 1949, as amended, relative to the general supply funds"; to Senate Banking and Currency Committee and House Government Operations Committee. pp. 9964, 10116
16. ROADS. Conferees were appointed on H. R. 6713, to amend certain laws relating to Federal-aid highways and to make certain adjustments in the Federal-aid highway program. Senate conferees have already been appointed. p. 10061
17. PEACE CORPS. Rep. O'Hara, Ill., said, "The men and women in the Peace Corps, living in foreign lands in the homes and under the conditions of natives in those lands, humbly working with them in the solving of their problems of daily existence, truly will be missionaries of democracy in its finest expression." p. 10092
18. FARM PROGRAM. Rep. Berry criticized the farm bill, saying, "under H. R. 6400 and S. 1643 they will give the farmer the choice between high price supports with strict regulation ... or no support with freedom of ... sale on a market broken with cheap foreign imports and constant market breaking disposal of Government surpluses ... the farmer will have the right to vote on the acceptance of the program, but as in the case of plebiscites held in certain other countries ... he is forced to vote 'yah.'" pp. 10083-6

ITEMS IN APPENDIX

19. WILDERNESS. Extension of remarks of Sen. Humphrey inserting an article, "Wilderness Bill Needed." pp. A4569-70
Extension of remarks of Rep. Cohelan inserting an article emphasizing the importance of enacting legislation to establish a wilderness area program. pp. A4575-6
20. FARM PROGRAM. Extension of remarks of Sen. Proxmire inserting a United Milk Marketing Agency letter in support of the principles embodied in the administration's proposed farm bill. p. A4575
21. FOREST RESEARCH. Extension of remarks of Rep. Metcalf commending the Northern Forest Fire Laboratory, stating that "the wisdom of this investment in fire research facilities is already apparent," and inserting an editorial describing the work at the facility. p. A4579
22. SOYBEANS. Extension of remarks of Sen. Hartke inserting an article, "Soybeans and Hungry World," describing how a Ft. Wayne, Ind., company has developed various uses for soybeans to meet the nutritional needs of hungry people. pp. A4589-90

23. RECLAMATION. Extension of remarks of Rep. Metcalf inserting a letter sent to the Director of the Budget by the National Reclamation Association and stating that it "states well the need for revising present methods of establishing benefit-cost ratios." pp. A4603-4

24. FISH FARMING. Extension of remarks of Sen. Fulbright expressing his approval of the proposed expansion by Interior of their program of assistance to fish farmers and inserting an article concerning marketing of farm-grown fish. pp. A4616-7

BILLS INTRODUCED

25. RECLAMATION. H. R. 7750, by Rep. Rogers, Tex. (by request), and H. R. 7760, by Aspinall (by request), to amend section 9(d)(1) of the Reclamation Project Act of 1939 (53 Stat. 1187; 43 U.S.C. 485), to make additional provision for irrigation blocks; to Interior and Insular Affairs Committee.

26. SUGAR. H. R. 7772, by Rep. Montoya, and H. R. 7773, by Rep. Morris, to amend and extend the provisions of the Sugar Act of 1948, as amended; to Agriculture Committee.

27. DAYLIGHT TIME. H. R. 7774, by Rep. Staggers, to provide that standard time shall be the measure of time for all purposes and to authorize Congress to establish daylight saving time for any year by concurrent resolution; to Interstate and Foreign Commerce Committee.

S. 7775, by Rep. Staggers, to amend the Standard Time Act of March 19, 1918, so as to provide that the standard time established thereunder shall be the measure of time for all purposes; to Interstate and Foreign Commerce Committee.

28. DISASTER RELIEF. H. R. 7745, by Rep. Langen, to amend the Soil Bank Act, as amended, to provide a uniform procedure for the alleviation of damage, hardship, or suffering caused by severe drought, flood, or other natural disaster; to Agriculture Committee.

29. INTEREST RATES. H. R. 7754, by Rep. Becker, to prescribe the minimum permissible rate of interest on loans made by the United States; to Ways and Means Committee. Remarks of author. p. 10091

30. PEACE CORPS. H. R. 7761, by Rep. McCormack, to provide for a Peace Corps to help the peoples of interested countries and areas in meeting their needs for skilled manpower; to Foreign Affairs Committee.

31. FOREST PRODUCTS. S. 2098, by Sen. Metcalf (for himself and Sen. Mansfield), to govern the harvesting of Indian timber; to Interior and Insular Affairs Committee.

32. CONTRACTS. S. 2104, by Sen. Keating (by request), to amend section 1498 of title 28, United States Code, to permit patent holders to bring civil actions against Government contractors who infringe their patents while carrying out Government contracts; to Judiciary Committee.

33. HAY. S. 2113, by Sen. Young, N. Dak. (for himself and Sen. Burdick), to amend the Soil Bank Act to authorize the Secretary of Agriculture to permit the harvesting of hay on conservation reserve acreage under certain conditions; to Agriculture Committee.

CONSIDERATION OF H.R. 6028

JUNE 20, 1961.—Referred to the House Calendar and ordered to be printed.

Mr. THORNBERRY, from the Committee on Rules submitted the following

REPORT

[To accompany H. Res. 350]

The Committee on Rules, having had under consideration House Resolution 350, reports the same to the House with the recommendation that the resolution do pass.



57th Congress 1st Session
RECEIVED
JAN 10 1901

REPORT OF THE

COMMISSIONER OF THE GENERAL LAND OFFICE
FOR THE YEAR 1900

Presented to the Senate and House of Representatives
in the 57th Congress, 1st Session, 1901, by
J. M. McKim, Commissioner of the General Land Office.

REPORT

OF THE

COMMISSIONER OF THE GENERAL LAND OFFICE
FOR THE YEAR 1900
J. M. McKim, Commissioner of the General Land Office.

House Calendar No. 77

87TH CONGRESS
1ST SESSION

H. RES. 350

[Report No. 554]

IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 1961

Mr. THORNBERRY, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution, it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the
4 Union for the consideration of the bill (H.R. 6028) to
5 assist in the provision of housing for moderate and low
6 income families, to promote orderly urban development, to
7 extend and amend laws relating to housing, urban renewal,
8 and community facilities, and for other purposes. After
9 general debate, which shall be confined to the bill and con-
10 tinue not to exceed four hours, to be equally divided and
11 controlled by the chairman and the ranking minority member
12 of the Committee on Banking and Currency, the bill shall

1 be read for amendment under the five-minute rule. It shall
2 be in order to consider, without the intervention of any
3 point of order, the substitute amendment recommended by
4 the Committee on Banking and Currency now in the bill,
5 and such substitute for the purpose of amendment shall be
6 considered under the five-minute rule as an original bill.
7 At the conclusion of such consideration the Committee shall
8 rise and report the bill to the House with such amendments
9 as may have been adopted and any member may demand
10 a separate vote in the House on any of the amendments
11 adopted in the Committee of the Whole to the bill or com-
12 mittee substitute. The previous question shall be considered
13 as ordered on the bill and amendments thereto to final
14 passage without intervening motion except one motion to
15 recommit, with or without instructions. After the passage
16 of the bill H.R. 6028, it shall be in order in the House to
17 take from the Speaker's table the bill S. 1922 and to move
18 to strike out all after the enacting clause of said Senate bill
19 and to insert in lieu thereof the provisions contained in
20 H.R. 6028 as passed by the House.

87TH CONGRESS
1ST SESSION

H. RES. 350

[Report No. 554]

RESOLUTION

Providing for the consideration of H.R. 6028, a bill to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

By Mr. THORNBERRY

JUNE 20, 1961

Referred to the House Calendar and ordered to be printed

June 21, 1961

16. HOUSING. Began debate on H. R. 6028, the omnibus housing bill. pp. 10120-54
17. PUBLIC DEBT. The Rules Committee granted a rule for the consideration of H. R. 7677, to increase for a 1-year period the public debt limit by \$13 billion. pp. 10126, 10166
18. APPROPRIATIONS. Agreed to a request by Rep. Cannon to make in order on any day next week the consideration of a resolution continuing appropriations for certain departments pending enactment of their regular appropriation bills. p. 10120
The Joint Committee on Atomic Energy reported without amendment H. R. 7576, to authorize appropriations for the Atomic Energy Commission (H. Rept. 562). p. 10166
19. SURPLUS PROPERTY. The Government Operations Committee reported without amendment S. 537, to amend the Surplus Property Act of 1944 to revise a restriction on the conveyance of surplus land for historic-monument purposes (H. Rept. 558), and S. 796, to amend the Federal Property and Administrative Services Act of 1949, as amended, so as to authorize the use of surplus personal property by State distribution agencies (H. Rept. 561). p. 10166
20. PUBLICATIONS. The Government Operations Committee reported without amendment S. 540, to authorize agencies of the Government of the United States to pay in advance for required publications (H. Rept. 560). p. 10166
21. IRRIGATION. The Interior and Insular Affairs Committee voted to report (but did not actually report) with amendments H. R. 2206, to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado. p. D489
22. EDUCATION. Rep. Patman stated "Farming is becoming more complex and demands better education than ever before. Moreover, over half of our farm youngsters will leave the farm for jobs in the cities." pp. 10155-6
The General, Special, and Select Subcommittees on Education of the Education and Labor Committee voted to report to the full committee with amendments H. R. 6774, to extend and improve the National Defense Education Act. p. D489
23. MOLASSES. Rep. Brooks, La., said "I wish to join with my Louisiana colleagues who already have protested the bringing into this country of 2 million gallons of low-priced blackstrap molasses from Cuba." p. 10119
Rep. Wilson, Calif., said that the importation of molasses from Cuba "must stop and a firm decision be reached to invoke the Trading With the Enemy Act." p. 10160

ITEMS IN APPENDIX

24. URBAN AFFAIRS. Extension of remarks of Sen. Goldwater inserting an article "No Need for Urban Affairs Cabinet Post." p. A4636
25. FARM PROGRAM. Extension of remarks of Rep. Marshall praising Rep. Karth, saying "Rep. Karth does a real service to the farm people of our State." p. A4641
26. SMALL BUSINESS. Extension of remarks of Rep. Curtis, Mo., inserting the minority views of the study of small business problems. pp. A4647-9

27. FORESTS. Extension of remarks of Rep. Ullman inserting an article, "Enhancing Our Resource Values," which says "What the average American doesn't realize is that the Forest Service and Bureau of Land Management are highly profitable enterprises returning to the Federal Treasury far more than they take out." pp. A4652-3
28. WHEAT. Extension of remarks of Rep. Breeding inserting an article, "Step in Right Direction," which says "The new Kennedy wheat program makes good sense and is deserving of support to the fullest by growers and all citizens who want constructive action to clear up the present farm mess." pp. A4655-6
29. FOREIGN TRADE. Extension of remarks of Rep. Ashley inserting a speech "The Broadening Activities of the Export-Import Bank." pp. A4667-8
30. FARM MACHINERY. Extension of remarks of Rep. Breeding inserting a list of farm implement dealers who have been forced out of business or are considering same. pp. A4682-3

BILLS INTRODUCED

31. RECLAMATION. S. 2116, by Sen. Morse (for himself and Sen. Neuberger), and H. R. 7811, by Rep. Ullman, to amend the act authorizing the Crooked River Federal reclamation project to provide for the irrigation of additional lands; to S. and H. Interior and Insular Affairs Committees. Remarks of Sen. Morse. pp. 10172-3 Remarks of Rep. Ullman. p. 10120
32. PROPERTY. S. 2119, by Sen. Kerr (for himself and Sen. Monroney), to amend the Federal Property and Administrative Services Act of 1949 so as to permit donations of surplus property to schools for the mentally retarded, schools for the physically handicapped, educational television stations, and public libraries; to Government Operations Committee.
S. 2124, by Sen. McClellan (by request), to amend section 109 of the Federal Property and Administrative Services Act of 1949, as amended, so as to remove the limitation on the maximum capital of the General Supply Fund; to Government Operations Committee. Remarks of author. pp. 10173-4
S. 2125, by Sen. McClellan, to authorize executive agencies to grant easements in, over, or upon real property of the United States under control of such agencies; to Government Operations Committee. Remarks of author. pp. 10174-5
33. LANDS. H. R. 7788, by Rep. Aspinall (by request), and H. R. 7789, by Rep. Cunningham (by request), to authorize the classification, segregation, lease, and sale of public land for urban, business, and occupancy sites, to repeal obsolete statutes; to Interior and Insular Affairs Committee. Remarks of Rep. Aspinall. pp. 10163-5
34. DISASTER RELIEF. H. R. 7792, by Rep. Nygaard, H. R. 7801, by Rep. Short, and H. R. 7810, by Rep. Langen, to amend the Soil Bank Act so as to authorize the Secretary of Agriculture to permit the harvest of hay on conservation reserve acreage; to Agriculture Committee.
35. RESEARCH. H. R. 7795, by Rep. Sikes, to direct the Secretary of the Interior to establish a research program in order to determine means of improving the conservation of game and food fish in dam reservoirs; to Merchant Marine and Fisheries Committee.
H. Res. 356, by Rep. Anfuso, urging the National Science Foundation to facilitate our scientific programs by collecting information and data derived



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No. 104

House of Representatives

The House met at 12 o'clock noon.
The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Isaiah 50: 7: The Lord God will help me, therefore I shall not be confounded, and I know that I shall not be ashamed.

O Thou gracious Benefactor, to whose right and mercy there are no limits and whose blessings of love and grace fall upon all alike in impartial benediction, grant that we may be more worthy and appreciative of Thy goodness.

In our darkness Thou art our light, in our weakness Thou art our strength, in our sorrows, Thou art our consolation, and in our restlessness, Thou art our peace.

May we seek and strive eagerly and earnestly for those qualities of character which were regnant in the life of our Master and which Thou wouldst have us achieve.

Inspire us to grow in knowledge of His noble ways of thinking and living and give us a finer perception of those moral and spiritual laws by which we must govern our conduct.

Help us to hasten the dawning of that blessed day when men and nations everywhere shall hunger and thirst after righteousness and enter into the fullness of the more abundant life.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7444. An act making appropriations for the Department of Agriculture and related agencies for the fiscal year ending June 30, 1962, and for other purposes.

The message also announced that the Senate insists on its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of

the two Houses thereon, and appoints Mr. RUSSELL, Mr. HAYDEN, Mr. HILL, Mr. ROBERTSON, Mr. ELLENDER, Mr. YOUNG of North Dakota, Mr. MUNDT, and Mr. DWORSHAK to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S.J. Res. 106. Joint resolution transferring the management of the Senate restaurants to the Architect of the Capitol and for other purposes.

BAN CUBAN MOLASSES

(Mr. BROOKS of Louisiana asked and was given permission to address the House for 1 minute.)

Mr. BROOKS of Louisiana. Mr. Speaker, I wish to join with my Louisiana colleagues who already have protested the bringing into this country of 2 million gallons of low-priced blackstrap molasses from Cuba. This molasses has been unloaded at New Orleans in Louisiana and is to be sold in competition with domestic producers of molasses and syrups. This is bad enough, but Mr. Speaker, there is no rhyme or reason for trading with this Communist dictator.

Mr. Speaker, this man Castro rose to power over the dead bodies of his compatriots. He is now the undisputed dictator of the island of Cuba. He came into power on a program of doing justice to the peons and peasants in Cuba. He has now thrown off all constitutional and legal impediments to his action in remaining in power without elections in this island to the south of us.

Mr. Speaker, this dictator has seized more than \$1 billion in American property located in the island without paying for it. He has taken American lives, violated every American idea that he could think of and repeatedly boasted of this action. He takes his orders from Moscow in Russia, is undeniably a puppet of the Russian Communist regime, he seeks to give this Nation all of the trouble which he possibly can give us in Central and South America, stirring up peoples in these areas against us and in

favor of communism. He seeks in every possible way to hinder, handicap, and destroy our Government.

AGAINST FEDERAL AID TO EDUCATION

(Mr. DORN asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. DORN. Mr. Speaker, I polled every newspaper, radio station, and television station in South Carolina regarding Federal aid to education—a total of 180. The response was excellent. Of the 180 mailed, I received a reply from 135; 113 opposed Federal aid to education, 18 were for Federal aid, and 4 were undecided.

Mr. Speaker, I know of no group closer to the grassroots of our country than the newspapers, television stations, and radio stations. They literally live with the people. This is overwhelming opposition to Federal aid in one of the States which would receive the most Federal aid. May I plead with my colleagues who represent States which will lose money under Federal Aid? Please do not tax your people to give my people something we are bitterly opposed to receiving.

All basic needs for Education are being met at the local and State level at a much faster rate than the advocates of Federal aid say is needed. Then what is the reason for the tremendous propaganda and agitation for Federal aid? It can only be Federal control of education and Federal empire building. The passage of Federal aid itself by this Congress will be dangerous education. It will immediately result in the American people looking more and more to Washington. It will educate the American people to lean here on a powerful central Government rather than to our time-honored institutions—the individual citizen, local and State government which is the foundation of our freedom. It will add hundreds of thousands more of our people indirectly and directly to the Federal payroll.

Mr. Speaker, may I again plead with my colleagues not to turn the clock back to socialism, federalism, national brain-wash, and totalitarianism. Socialism and Federal control are old. These isms are decadent and were found wanting in the days of ancient Babylon, Greece, and Rome. Americanism is modern. Americanism is new. Let us continue to move forward with individual, State, and local responsibility which is the essence of refreshing progressive Americanism.

Mr. Speaker, I hope the so-called Federal aid to education bill will stay in the Rules Committee and will never come up.

Mr. MARSHALL. Mr. Speaker, will the gentleman yield?

Mr. DORN. I yield to the gentleman from Minnesota.

Mr. MARSHALL. I am sorry to disagree with my good friend. I hope that bill comes out so that I can vote against it.

Mr. DORN. I thank the gentleman.

(Mr. ULLMAN asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. ULLMAN. Mr. Speaker, I am introducing today a bill to authorize the Crooked River project extension, which will provide needed additional reclamation facilities in Crook County, Oreg. This extension of the Crooked River project will provide irrigation water to 2,890 acres of land adjacent to the present project. This is largely land which was formerly irrigated but was reverted to dry land due to lack of adequate water supply.

The additional facilities to be authorized by my bill, Mr. Speaker, have always been included in local plans for development and the Congress authorized in 1959 modifications of the central project works to make possible this subsequent extension. New works proposed to be built include pumping plants, canals, laterals, and drains. Construction costs on the extension are estimated at \$995,000, of which part will be repaid by the water users over a 50-year period with the remainder of the reimbursable costs being repaid from surplus power revenues of the Dalles Dam. A portion of the costs will be allocated to fish and wildlife purposes and thus will be non-reimbursable.

Enactment of the measure I have introduced will follow through on the action taken by the previous Congress in authorizing modification of the original Crooked River project. It will make possible the utilization of a part of the excess reservoir capacity being developed in that project. I would like to point out that the proposed extension has a very favorable benefit-to-cost ratio of 2.6 to 1 on the basis of a 100-year life. As in other desirable reclamation projects, authorization and construction of the Crooked River extension will represent another sound investment in our land and water resources. It will provide for greater stability and development of the area's economic base and for the utilization of presently unused land area.

A final report on this important project is under preparation now in the Department of the Interior and I hope that

the authorizing legislation I have introduced can be given early and favorable consideration by the Congress.

WILL AMERICA GO SOCIALISTIC?

(Mr. PELLY asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. PELLY. Mr. Speaker, some years ago Norman Thomas, six-time candidate for President on the Socialist Party ticket, remarked:

The American people will never knowingly adopt socialism, but under the name of liberalism they will adopt every fragment of the socialistic program until America will one day be a socialistic nation without knowing how it happened.

I am reminded of this quotation when I think of the housing bill which is to come before this body today.

NICK J. HALL

(Mr. CHAMBERLAIN asked and was given permission to address the House for 1 minute.)

Mr. CHAMBERLAIN. Mr. Speaker, I wish to bring to the attention of this body a signal honor bestowed this week on a young Michigan citizen. He is Nick J. Hall, age 17, of Saginaw, Mich., who has been elected Governor of the 24th Annual Wolverine Boys State, sponsored by the American Legion, currently convened at East Lansing, Mich. This is a great achievement for any young person; and it is one well deserved, as Nick has distinguished himself both at Saginaw High School, where is a junior, and in the community as well. He is also presently captain of the Saginaw High School football team. I am pleased to take this opportunity to pay tribute to a young man who has received such a noteworthy distinction and to commend those who chose him for their discernment. I feel certain that this honor will inspire Nick to continue to excel in whatever he undertakes and to be always a credit to his home, his church, his school, his community and his race.

CALL OF THE HOUSE

Mr. ARENDS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. YATES. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 90]

Barrett	Hall	Powell
Blitch	Hébert	Rivers, Alaska
Buckley	Hosmer	Roberts
Burke, Ky.	Kearns	Rogers, Tex.
Carey	Kilgore	Roosevelt
Casey	Kirwan	Shelley
Cederberg	Laird	Staggers
Coad	Magnuson	Teague, Tex.
Corbett	May	Thompson, Tex.
Findley	Moulder	Van Felt
Flynt	Norrell	Wright
Grant	Pfost	Young
Gray	Pilcher	
Green, Oreg.	Poage	

The SPEAKER. On this rollcall 396 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

RESOLUTION CONTINUING APPROPRIATIONS

Mr. CANNON. Mr. Speaker, I ask unanimous consent that it may be in order any time next week to call up for consideration a joint resolution providing for the continuation of appropriations.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. TABER. Mr. Speaker, reserving the right to object, and I shall not, this continuing resolution is the same thing we have had every year, so far as I can remember.

Mr. CANNON. It is the usual stereotype resolution.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

SUBCOMMITTEE ON TRANSPORTATION OF THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. HARRIS. Mr. Speaker, I ask unanimous consent that the Subcommittee on Transportation of the Committee on Interstate and Foreign Commerce may have permission to sit during general debate this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

HOUSING ACT OF 1961

Mr. THORNBERRY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 350 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution, it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 6028) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes. After general debate, which shall be confined to the bill and continue not to exceed four hours, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider, without the intervention of any point of order, the substitute amendment recommended by the Committee on Banking and Currency now in the bill, and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted and any Member may demand a separate vote in the House on any of the amendments

adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions. After the passage of the bill, H.R. 6028, it shall be in order in the House to take from the Speaker's table the bill S. 1922 and to move to strike out all after the enacting clause of said Senate bill and to insert in lieu thereof the provisions contained in H.R. 6028 as passed by the House.

Mr. THORNBERRY. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. BROWN], and at this time I yield myself such time as I may consume.

Mr. Speaker, House Resolution 350, as was indicated by the reading of it by the Clerk, provides for consideration of the bill (H.R. 6028) a general comprehensive housing bill. The resolution provides for an open rule, waiving points of order, and 4 hours of general debate; also it makes in order taking from the Speaker's table the bill S. 1922, striking out all after the enacting clause and substituting H.R. 6028 in lieu thereof.

As I stated, this is a comprehensive bill which provides for extensive improvements in our existing housing program, including some new approaches.

In accordance with the testimony as furnished the Committee on Rules, this bill is necessary because of a backlog that has developed in a number of programs as a result of the failure of the Congress to enact a general housing bill last year.

The bill will be explained in detail, if this rule is adopted and the House goes into Committee of the Whole, by the distinguished gentleman from Alabama, Mr. RAINS, chairman of the subcommittee which reported this bill. I think it is fair to point out in connection with this discussion that the gentleman from Alabama furnished a very able presentation of this bill before the Committee on Rules, as he always does, and is entitled to great credit for his sponsorship of beneficial housing legislation to the people of this Nation.

The bill has nine titles. Title I contains several new programs recommended by the administration. The first would expand FHA's present section 221 home ownership program. This section was added to the law in 1954 to help families displaced by urban renewal or other government action by allowing them to buy lower priced homes with only \$200 down and maximum terms up to 40 years. The committee bill would make these liberal terms available to buyers of lower priced housing generally.

Title I would also liberalize the FHA section 221 rental housing provision to provide loans with low interest rates.

Title II of the bill includes two separate parts. The first authorizes additional funds for the program of direct loans for housing for the elderly. The second covers the low-rent public housing program and would restore the full dollar authorization for annual Federal contributions provided in the Housing Act of 1949 thereby permitting the construction of approximately 100,000 additional public housing units.

Title III of the bill would add \$2 billion of new authority to the urban renewal programs. That program has exhausted its present authority and a backlog of \$400 million in applications has built up. This title also makes a number of other improvements in the urban renewal program.

Title IV provides additional authorization for the college housing loan program—one of the most successful programs from the standpoint of repayment that we have. This program has also recently exhausted its authorization. To meet the backlog that is developing and to carry the program forward, the bill authorizes \$300 million in new loan funds in each of the next 4 years.

Title V would authorize an expanded and liberalized program of loans for community facilities.

Title VI would make several amendments to the FNMA and FHA programs. A new authorization of \$750 million would be added to the FNMA special assistance fund and in addition FNMA would be permitted to use the balance of the special assistance authorization made in 1958 which amounts to about \$200 million and for 4 years it would be permitted to use repayments it now receives on its portfolio of loans purchased prior to 1954.

Title VII provides for two new programs. The first would authorize the appropriation of \$100 million for partial Federal grants to State and local governments for the acquisition of open land to be held permanently as parks and recreational areas. The second would authorize a new program of FHA mortgage insurance for the acquisition and development of land for residential use.

Title VIII of the bill would extend the present farm housing loan program for 4 years and would provide an additional \$200 million for these loans. Also, the program which is now limited to farm families, would be made available to nonfarm families in rural areas.

The principal provisions of title IX, the last title of the bill, are those benefiting savings and loan associations. These amendments would make it possible for savings and loan associations to provide financing for housing for the elderly and for urban renewal and would facilitate trade-in home financing.

Mr. Speaker, as I stated a moment ago, this is a comprehensive bill. There are varying figures offered as to the amounts contained in the bill, according to the testimony offered by the chairman of the subcommittee. It authorizes \$4.93 billion with approximately \$2.8 billion representing repayable loans.

I think there is one point that needs to be made to the House. I urge the adoption of the rule because I believe this House is capable of discussing and debating and offering amendments wherever it is considered needed to provide a good housing program to meet the needs of this Nation. I can well understand why some persons may disagree with some provisions of the bill, that some provisions cost too much or that in some way there is a better way to meet the

needs. But, I cannot understand any opposition to a housing bill based on a lack of faith in the American people who desire to own homes for themselves and their families. If there is one distinction in this Nation, it is that the people of this Nation have throughout the years been encouraged to purchase and own their own homes for themselves and their families.

I would doubt that anyone serving his Nation well would want to express a lack of faith in the people of this Nation who are anxious to purchase their homes and to pay for them.

I urge the adoption of the rule.

Mr. BROWN. Mr. Speaker, I yield myself 8 minutes.

(Mr. BROWN asked and was given permission to revise and extend his remarks.)

Mr. BROWN. Mr. Speaker, as the gentleman from Texas [Mr. THORNBERRY] has so ably explained, this rule or resolution makes in order the consideration of this omnibus housing bill with 4 hours of general debate, under an open rule so amendments to any section may be offered.

The gentleman from Texas was very modest when he made the statement this is a comprehensive bill. I can assure the Members of the House that this is undoubtedly the most "comprehensive" housing bill which has ever been presented to this body, or to any other body in the history of parliamentary procedure. Not only is it comprehensive, but I think it is, perhaps, the greatest legislative monstrosity I have ever seen brought before the House for consideration.

This bill is so written that no one can understand it fully, in my opinion. Certainly the members of the legislative committee which considered this bill for many, many weeks, as I understand, disagreed among themselves, and often, too, and, I might add, as to what this bill contains and what it will or will not do. They even disagreed among themselves as to how much the cost of this legislation may be to the people of the United States.

The sponsor of the legislation, and the chairman of the subcommittee, advised the Rules Committee in his testimony that the cost would be just a little under \$5 billion. On the other hand, the minority report shows—signed by some 10 members of the committee—that the overall cost to the American taxpayers of this legislation will be a little over \$9.2 billion.

Presumably, this housing bill would take care of all housing problems and housing legislation for 4 years to come, which would mean that the Congress will more or less abdicate its rights, or at least, perhaps, will not be called upon to enact future housing legislation for 4 years to come.

However, rather strangely, the testimony before the Rules Committee indicated and showed that in title after title of this measure, the funds carried therein and the authorization set forth under those titles, could all be committed, obligated, or even spent, in the

first year of the 4-year program. Therefore, it would be entirely possible, and perhaps probable, that in another year the spenders may come back and say "We ran out of those funds you authorized for 4 years, so we want more."

This bill contains a great deal of backdoor spending—some \$8 billion and considerable more—of the funds carried in this bill, either as direct expenditures, or as loans, would be obtained through that backdoor spending. In fact, 97.2 percent of all the funds carried in this bill, either for grants-in-aid or for loans, would come from backdoor spending, and would not come through appropriations voted, of course, and passed upon, by the Appropriations Committee and this House. Therefore, through the passage of this bill the House itself will be taking away from this body, and taking away from its Appropriations Committee, the right to pass upon the necessity and the validity of 97.2 percent of all the moneys and all the expenditures authorized in this legislation.

There are a number of other technical sections in the bill which I am sure will be debated and discussed fully, first in general debate, and later under the 5-minute rule.

There is a provision in the bill to provide for the granting of 40-year loans on housing without any downpayment whatsoever by the individual borrower. Not only can the individual go out and borrow money on a 40-year basis under this bill, without any downpayment of any kind except \$200 to cover closing costs, but he can actually go out and borrow enough to build four housing units. In other words, he could borrow, without making any downpayment under the provisions of this bill, enough money to build four housing units, live in one, and rent the other three.

Strangely, the testimony before the Rules Committee shows that, while the statement was made that this particular 40-year loan with no-downpayment arrangement was written to take care of the poor, and the folks who could not finance a home otherwise, the group, we were told, in the \$4,000 to \$6,000 income range, there is no wording in this bill which spells out exactly just who should be entitled, and who should not be entitled, to these 40-year loans, nor does the bill anywhere fix the income bracket people must have to come under in order to qualify for these long-term loans.

We were told in the Rules Committee, by members of the House Committee on Banking and Currency in the testimony, that the wealthiest man in America, if he desired to do so, could make one of these 40-year loan mortgage arrangements and borrow money without any downpayment to build these housing units even up to four in number.

The testimony before the Rules Committee shows something else, too, that is rather interesting, when some talk about how they want to help the poor man and the little man.

The testimony shows that if a man should borrow, under the provisions of this bill, \$10,000 to build a home, on which he would have to pay only \$200

in closing costs, with nothing down, that after meeting his payments for interest and principal for 10 long years, at the end of that 10-year period he would have an equity in his \$10,000 house of only \$350, and would still owe \$9,650 on it, based on present interest rates, while the house itself, at present depreciation rates, would be worth only \$7,500, believe it or not. Just how would he be able to sell that home? Who would want to pay \$9,650 for it so he could come out even, for a used home evaluated at only \$7,500, or perhaps even less? And we say we are doing something for the poor man. We would be selling him down the river.

One other matter the testimony shows which I want to call to your attention: If this same man with the same \$10,000 house, the poor fellow we talk about trying to help, should pay off his loan in 40 years, the cost to him of that \$10,000, that is the principal payment and the interest, would be at least \$25,000, or even more.

I could go on into other sections of this bill.

For instance, the President asked for \$50 million for grants for community facilities. This bill carries \$500 million for community facilities. Certainly already we have a number of laws on the statute books to help communities to get the facilities they need. There are all sorts of Federal legislation on that subject.

I should like to call your attention to this fact, according to the testimony before the Rules Committee, that this gigantic spending measure carries in it about \$1,250 million more than the President of the United States, Mr. Kennedy, requested in his message on housing, and he has not been a bit reluctant, let me add, in his requesting expenditures by the Congress.

Mr. THORNBERRY. Mr. Speaker, I yield 15 minutes to the gentleman from Virginia, the chairman of the Committee on Rules [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Speaker, this is known as the Housing Act of 1961. It is a monumental piece of work and a monumental piece of spending of your taxpayers' money. It is the most liberal housing bill that has ever been before this House. When I say the bill is liberal, I do not mean just one feature of it. If you had the opportunity to study it, you would find that almost every page has some liberal provision that works in favor of the person who is buying the house and works against the interest of the taxpayers you represent.

Now, I do not recommend to you that you try to study this bill because I have been trying during 3 days of hearings, and 2 nights of hard work, to understand it. I do not understand it and I do not think I ever would understand it, and I do not think anybody outside of the committee would ever understand it.

The gentleman from Ohio just spoke of the 40-year, no-downpayment provision of this bill. That is so ridiculous and so absurd that I can hardly think this House would ever pass a bill with that provision in it. I am sure, certainly, we have enough sense of responsibility left to take that out of the bill.

That is just one example of the liberality of this bill.

This bill does not even form a foundation for what we ought to be working on in this House because of the extreme provisions in it. This bill is a good example of the story of the fellow who was driving down the road and stopped an old country man and asked him for the directions to go to a certain city. I imagine you have all heard this story. The old country man said, "You go down this road and then you go down that road—no, that would not do—that would not get you there." Then, the old country man started again and said, "Suppose you go down that road and then you go down another road—no" he said, "that would not get you there." Then he said, "Neighbor, if I was going to that town, I would not start from here."

Now, Mr. Speaker, that is what I say about this bill—we ought not to start from this bill. It is too liberal—it is too confused and it lays too heavy a burden upon our already too burdened taxpayers.

Mr. Speaker, I was in the Committee on Rules until a few minutes ago, when that committee was hearing the application of the Committee on Ways and Means for a rule to increase the debt limit of this Nation by \$13 billion. Here we come down to the floor and proceed immediately to work on this bill, which it is claimed provides for the expenditure of some \$9 billion. Now I have tried to find out what the bill will really spend, but no two people who appeared before the committee could agree on what the bill would spend. I tried to find out from the genial chairman of the committee, the gentleman from Alabama [Mr. RAINS] who sat there already to jump on me when I got through, and I could not get from him any such information because he was so much smarter than I was that he just had a plausible answer for every question that I asked.

Let us take a few of the provisions in this bill, and I will try to run through two or three of them. The other day we passed a bill from the Committee on Public Works which doubled the amount for building sewers in the various cities of the country.

That is one of the many functions this Congress should not be engaging in.

We authorized \$100 million for the committee having jurisdiction of the subject. Do you know what this bill does? This bill aside from housing authorizes five times as much as the Public Works Committee thought was desirable for sewers. Five hundred million dollars is provided in this bill for loans and grants to build sewers, not houses. That is just one of the outstanding things.

We have a lot of bills around here, a lot of committees dealing with parks and public lands. The Banking and Currency Committee has branched out, however, and is now in that field. They provide \$100 million in this bill to buy parks and playgrounds so that these people may not only have the houses to which they would like to be accustomed, but they also want the parks and playgrounds to which they would like to be accustomed; and they are going to be paid for by the taxpayers all over the

country under a so-called housing bill. Parks and playgrounds have nothing in the world to do with housing. This is just to buy public lands so they may have open space.

Just a little quirk in this bill on low-cost housing: Instead of having the average rate on long-term bonds on which we are going to build these houses, the rate of interest is the average rate of interest. But if you figure the average rate of interest on all the Government obligations you will find that many of our obligations now as we cannot float long-term bonds because we are spending so much money that the Government's credit is impaired, so we have to deal in 6-months notes, 3-months notes, and 1-year notes, and they are selling at 2 percent, whereas the average of all our long-term debt is far above that. So there is just another little hidden explosive in there on this housing business.

Remember another thing, in this bill you are providing a 4-year program. All these great liberal things where we are going to let a fellow have a house for 40 years and not pay anything for it—all of them are for 4 years. What is the effect of that? You not only legislate for yourself, for which you are going to have to account to your taxpayers, but you are also legislating and foreclosing the legislative functions of the next Congress, because 4 years will carry you through not only the 87th Congress but the 88th as well. You are preempting the functions of the 88th Congress, because you are tying us to a 4-year program. Do you want to do that?

I just mention a few examples that struck my eye as I waded through this long bill and this longer explanation of it in the report. I never can talk about housing that I do not have to say a few words about public housing. We considered a public housing bill years ago. I am saying this for the benefit of new Members who were not here then. We turned it down in the House year after year, year after year, until it began to come back to us in conference reports from the other body. That is how this camel got its nose under the tent, and each year we have been authorizing more—25,000 units, 30,000 units. But in our attempt to preempt the functions of the 88th Congress we are now providing 100,000 public housing units.

Do you know what that public housing does? There are many new Members here who may not understand it. Those supporting this bill want to take care of people who do not have as good houses as they would like to be accustomed to—a laudable ambition. I do not know if we were paying our own money if we would accustom ourselves to it, but as long as we are paying the taxpayers' money we are not bothered much about what it costs.

But the general idea of that bill is that the Government is going to put them in a good house, with modern conveniences, and the Government is going to pay the difference between the rent they are accustomed to paying and the rent of the new house. It was testified by the chairman of the committee that that subsidy is costing your taxpayers

\$500 per house. The ranking Member of the minority says that it is \$600. But whether it is \$500 or \$600, do you know what it will cost this year, and I mean that subsidy? It is going up every year. It costs \$125 million of your taxpayers' money to pay just the subsidy on these houses. Keep in mind that \$125 million.

Do you know what it is going to cost next year? It has already been provided for. It jumps from \$125 million last year to \$165 million this year of your taxpayers' money which in your liberality you are giving to those folks who would like to have such a house.

They are not satisfied with that. Somebody asked, How about these old folks? They ought to have a little better break. So we put in the bill, in addition to all the other subsidies on public housing, that that particular class shall have an additional subsidy of \$120. I do not have time to discuss this bill in detail. I am just bringing your attention to a few of the highlights in this matter.

I want to ask your serious consideration in general debate on this bill, form your own opinion, whether you are doing the right thing in trying to usurp the functions of the next Congress by allowing a 4-year program, whether you are doing the right thing in this matter of sending the present housing situation on a 40-year, no-downpayment proposition when it was testified that if he lived in the house for 10 years all he would accumulate would be an equity of \$350. Do you want to vote for that kind of absurdity? Do you want to vote for the absurdities that are sprinkled all through the bill from page 1 clear to the end of the bill?

I put this question to you seriously, because we are going to bring in here just as soon as consideration of this bill is over, day after tomorrow, a bill to increase the debt limit by \$13 million.

Are we ever going to stop, look, and listen to the warnings that are ringing around our ears that we are spending this country into bankruptcy, we are spending it into a crash? If you do not pass this next debt limit bill, then on the 1st of July the Treasury will not have the money to pay its obligations.

I wish you could have been up there this morning and heard the eloquent statement of the chairman of the Committee on Ways and Means, the statement of the ranking member of the Committee on Ways and Means, and the statement of the next ranking member of the Committee on Ways and Means. You would have shuddered for the future of your country.

Mr. BROWN. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. SMITH].

(Mr. SMITH of California asked and was given permission to revise and extend his remarks.)

Mr. SMITH of California. Mr. Speaker, in my opinion there are a number of bad features in this particular bill, but the one I would like to confine my remarks to at this time is title I, which provides for the 40-year, no-downpayment proposition. The gentleman from Texas, in his very able explanation of the rule on this particular bill, mentioned

that one of the things that we as Americans take pride in is the owning of your own home, being a person in a community where the people own their own homes.

When I was a young boy I can remember my parents saying, "We want you to remember this, keep your family together, work as a unit, and protect one another." Furthermore, when you are able to do so, buy a home and get it paid off, get the mortgage or the paper or the plaster paid off and get it free and clear as fast as you can so that you will have an interest in the community and pride in your particular home and can take your responsibility as an American. I have followed that advice. I paid as many extra dollars as I could each month until eventually I got it free and clear. I told my boys the same thing and raised them along the same line. So, I feel I have some pride in the community.

My oldest son is married. Now he wants to buy a home, I was informed a couple of months ago when I was out there. We discussed the matter. We looked at some property. He finally decided he did not have enough of a downpayment to start and still carry on his other expenses, to keep up the home as he wished to do; in other words, he looked forward to having a home in the community and taking pride in the community and participating in local affairs, getting it clear, having some incentive in saving a little, which I feel is part of the American way of life and the way I was raised and the way I feel he should do.

Now, here in title I, I cannot help but feel that we are completely reversing the thoughts that I had along that line and that my parents instilled in me and that I have tried to instill in my own children, because here we are allowing homes to be obtained with no downpayment. Of course, the statement will be made that they will have to pay the closing charges, which will be about \$200. The Senate bill does provide for \$500 down payment, and this bill, if passed, and to conference could not be more than \$500.

It is said that this applies to people of modest income. What is a modest income? They say people making between \$4,000 and \$6,000 a year. But, from testimony appearing in the committee hearings and the definition of "modest income" before the Committee on Rules, in my opinion it can mean anybody. I think any one of us can qualify; any Member of the Congress could actually qualify and obtain a 40-year loan with no down payment under this particular bill. So, if we follow that particular theory and allow an individual to buy a \$15,000 home—and the builders will build plenty of them now with 100 percent guaranteed loan here, and they will be out to get everybody to sign up on Sunday saying "Sign here and you will have a house with no downpayment, with a 40-year loan; the rental will only be about \$40 a month, and that will be less than you are paying now," he will pay, if he lives long enough, over these 40 years, and if the house is still

standing at the end of that time, about \$38,000, including principal and interest, on that particular home. Now, if he only obtains after some 10 or 20 years an equity of \$300 in that house, why would he have any desire, with the house depreciating in value, to keep up the loan, to keep the flowers planted, keep it painted, the roof repaired, and do all of those things? No particular reason why. After all, if the house is not what he likes, he can let it go; live in there as long as he wants to and then give it back to the loan company, and the Government will pay 100 percent on foreclosure and the Government will be in the real estate business in the next 10 years owning a tremendous amount of property in the United States of America.

So, again I ask you this, Will the purchaser of such a house feel that he is a responsible property owner in the community in which ownership is at least a partial measure of citizenship and concern for the state of the Union? I personally feel that he will not. I feel that the owner of such a house as this will consider that he is simply a renter; that he will not have the desire to pay off the property. It will provide loans for almost anybody. It will harm the financial institutions. In my opinion it is entirely wrong.

With this important thought which I believe is part of America, of owning your own home and becoming a part of the total community, paying off the home and having some incentive, I think if we allow title I of this bill to pass as it is now written, we will do irreparable damage to our children, our grandchildren, and all people in the future, in our efforts to help preserve the United States of America.

Mr. BROWN. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. AVERY], a member of the Committee on Rules.

Mr. AVERY. Mr. Speaker, as far as I am concerned I feel we are making legislative history today. Certainly that is true in my case, and I think it is true in the case of many Members on the floor this afternoon. The reason I think we are making legislative history is this. I think this is the worst bill that has come to the floor of the House since I have been a Member of it, and I am now in my fourth term. I recognize that this bill probably is a reflection of an honest difference in philosophies, on both sides of the aisle. The lines do not divide quite that way, but I think basically that is true.

Mr. Speaker, I would agree with the gentleman from Texas [Mr. THORNBERRY] that the gentleman from Alabama, the chairman of the subcommittee [Mr. RAINS], made a most eloquent statement to the Committee on Rules. However, I did not feel that Mr. RAINS' presentation, exhaustive as it was—it occupied 2 whole days—in any way offered a justification for the broad, new authorizations that are contained in this bill we are considering here this afternoon. It is a bit presumptuous, as has been suggested, for the members of the Committee on Rules who hear 4 days of testimony on a bill to appear before the

House and in an hour's time talk as experts on a bill that takes up almost 200 pages. Notwithstanding the fact that we recognize that we are not altogether expert, I believe we are qualified because of the nearly 4 days we had on this bill to point out what we consider to be some very obvious inequities and weaknesses in the proposed legislation before us.

The 40-year mortgage, no-down payment plan, I think has not been altogether exhausted—most certainly we could talk on that alone all afternoon, but I think the pertinent points have been made. But I would like to supplement what has been said in one respect. It has been pointed out I think by the gentleman from Virginia [Mr. SMITH], and the gentleman from California [Mr. SMITH], that at the end of 40 years a \$10,000 house could cost \$35,000, or some figure in that general area, in principal and interest.

I want to remind the House that that does not take into consideration the discount practice that we have to recognize in all the money markets. The members of the Committee on Banking and Currency were a little reluctant to talk about this discount practice, when they came before the Committee on Rules. But not talking about it is not going to make it go away. It is there, it is going to be there, and when you consider the cost of the 40-year house to the buyer, it is necessary to take into account that there is a discount practice in the money market. It will increase the cost of the house to the buyer. It will also, in my opinion, provide an incentive for the lender to make submarginal loans.

He has nothing to lose. He can collect the prevailing interest on the loan as long as it is paid. If it goes into default, he can collect the full amount of the mortgage that he did not loan from the Federal National Mortgage Association. So I feel that there is economic imbalance in the program in addition to the excessive cost to the buyer of the house.

In respect to public housing, the Committee on Banking and Currency, I believe, told the Committee on Rules that this actually would not authorize additional public housing units; it would just remove some roadblocks from units that had been authorized some 10 years ago. Whether or not that is the technical situation, it is not important. The important considerations are that, as been pointed out by the gentleman from Virginia [Mr. SMITH], this year we are going to pay about \$165 million subsidy for the public housing units that are now occupied. This figure will go up about \$78 million a year. Eventually, if all the public housing units are built that are implemented in this bill and that are now in this bill, the annual cost will be about \$336 million a year to the taxpayers.

If that is the philosophy to which you subscribe, there is no reason why you should not support this bill.

Moving rapidly to two other areas, I hope the Committee on Banking and Currency during general debate this afternoon will explain to the House why

in a housing bill we should have an authority to make grants to suburban areas and metropolitan communities to acquire land under what we describe as an open-space program. Certainly there was very little evidence given to the Committee on Rules as to why that should be included in this bill. On reviewing the hearings, there is practically no support for that title of the bill. I hope that will be developed.

As I understood the unanimous-consent request by the gentleman from New York [Mr. MULTER], he was introducing this afternoon legislation that he called a transportation program.

(Mr. AVERY asked and was given permission to revise and extend his remarks.)

Mr. THORNBERRY. Mr. Speaker, I yield such time as he may desire to the gentleman from Alabama [Mr. ELLIOTT].

(Mr. ELLIOTT asked and was given permission to revise and extend his remarks.)

Mr. ELLIOTT. Mr. Speaker, I support the rule on the housing bill and urge its adoption.

I believe this is the best housing bill we have had since the Housing Act of 1949. It is a testimonial to the monumental labors of the gentleman from Alabama [Mr. RAINS] and his staff. I support it.

I support long-term housing loans for low-income families. The attempt to help these people own homes is imaginative; it steps into an area where, otherwise, public housing might eventually spread.

Also, I am thoroughly in accord with \$10,000 loans for home improvement. The millions of American homes which can be repaired and renovated for another generation of efficient use challenges us to do what we can to bring that about.

I support the \$100 million of additional loan funds to finance houses for the elderly.

I support the provisions which would increase the Federal share of urban renewal cost for the smaller communities.

I support the \$1.2 billion for college housing. The University of Alabama and other colleges in Alabama have applications pending for this housing. These applications cannot be approved unless this money is authorized.

I support the section which provides \$500 million for public facility loans. Towns in my area are faced with serious water, sewage, and other public facility problems and needs. This section will greatly help.

I favor the additional \$200 million for farm housing.

I support the title which provides for 100,000 additional units of public housing.

All in all, this is a good bill. It will provide much help to the people of America where help is greatly needed.

The arguments against this rule, and against this bill, are by and large the same arguments we heard against the Housing Act of 1949. I helped to pass the Housing Act of 1949. I supplied one of the very small majority of votes in

favor of the public housing provisions of that bill. Now, 12 years later, I am proud to say that my district has built 30 projects of public housing. The communities are proud of the housing. It is being put to good use. The total need has not yet, in my judgment, been more than half met.

As I have stated, I am proud to support this fine bill, which the gentleman from Alabama, Congressman RAINS, brings to the floor this afternoon.

The rule provides for 4 hours of general debate.

Mr. BROWN. Mr. Speaker, I yield the remainder of the time on this side to the gentlewoman from New York [Mrs. ST. GEORGE], a member of the Committee on Rules.

Mrs. ST. GEORGE. Mr. Speaker, this bill comes before us this afternoon under a rule allowing 4 hours of general debate. It is an open rule. I am glad that it is an open rule because I think this bill is certainly subject to many amendments.

As has been well said by those who have spoken before me, this is a tremendous bill. It covers a great deal of territory. It is almost impossible for a Member who just listens on the floor of the House or even who has listened to the testimony before the Committee on Rules to understand entirely what is in this bill.

One thing, however, comes out which is worth repeating although it has been already said, that this bill comprises larger appropriations, in other words, more money than was asked by the administration.

Next to that, it has been very difficult in questioning members of the committee to find out exactly what this bill is going to cost. I am one of those who feel that as a representative of my people I should be able to go home to them and not start saying, "Well, it is going to cost nearly \$5 billions, but of course that does not include public housing; public housing should not be included," and so forth. I think I should be able to go back to them and explain to them in clear language exactly what this bill is going to cost because, after all, they are the ones who are going to have to pay for it.

On looking over the minority report, I find this question answered very succinctly and very correctly, and here it is:

The other program fund authorizations which are to be provided through the regular appropriations process amount to only \$248.5 million. These include \$100 million for elderly housing loans; \$10 million for planning advances for public works; \$100 million of grants for acquisition of open-space land; \$1 million for farm research grants; \$7.5 million for hospital grants; and \$30 million for urban planning grants. The total budget expenditures, including both back-door and regular appropriations process financing, come to \$9.05 billion, and of that huge total 97.2 percent is back-door financing.

Now I know that back-door spending is a very unpopular name for this kind of financing, but nevertheless it is well understood. I am using it, and I am using it with my own people because when I use it, I know they will know what I am talking about.

Another thing about this bill is that it unquestionably will be a bonanza for fly-by-night builders. There is no question about that. The part that allows for a four-unit holding by one individual, of course, does nothing else and I trust that that will be corrected before we get through with our deliberations here.

Then, why the 4 years? Why are we going out time after time in these various bills and in all this legislation trying to talk ourselves out of a job and trying to prove to the people back home that we are not needed—oh, dear, no—let George or the administration do it—the two are synonymous. Give them the power. Let them run the country for 4 years. Why do you and I come back? Why should we pull down a salary to represent people when we are not representing them?

Finally, I would like to say this. I heartily agree with the very stirring words that were said by my colleague, the gentleman from Texas, when he said that, above all, he had faith in the people of the United States. I yield to no one in my faith in the people of this Nation, and for that reason I oppose this bill because I believe the people themselves can do better for themselves than by what is included in this bill.

This bill is aimed at helping towns, in the loan program for development of community facilities that have less than 10,000 population. However, in the first 3 months of this year, 305 towns with less than 10,000 population floated 305 issues of general obligation at interest rates lower than 4 percent. They did that for themselves. This bill, that is, the public housing aspect of it, is aimed at giving a helping hand to big cities. I can present to you a list, and I have that list here before me, of over 93 towns that have already turned down provisions similar to the provisions contained in this bill. That list includes big towns and cities like Los Angeles, Milwaukee, Flynt, Tucson, and so forth.

Mr. Speaker, it is said that this bill is aimed at helping the farmers, and yet the American Farm Bureau and its 4½ million members have consistently opposed this type of legislation. Yes, these are the people I have faith in. These are the people my colleague from California mentioned, the people who believe in paying their bills and saving for their homes, in taking care of their old people—these are the Americans that we neglect to represent because they are not organized in little pressure groups who are constantly coming to our offices and threatening us with their votes.

Let us remember them. Let us have faith in the American people, let us have faith in our country, and let us vote down the monstrosity that is coming before us this afternoon.

Mr. THORNBERRY. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Indiana [Mr. MADDEN].

(Mr. MADDEN asked and was given permission to revise and extend his remarks.)

Mr. MADDEN. Mr. Speaker, the rule now under consideration, brings before the House the long delayed and much needed legislation to provide suitable and

adequate low priced housing for small income groups throughout the Nation. This legislation, among other things, will eventually eliminate a great deal of the unspeakable slums existing in cities and industrial communities throughout our Nation. We do not have any problem with housing in our urban areas which sell for 20, 30 or 40 thousand dollars and up, but we do have a critical situation in providing homes for families in slum areas when a program is inaugurated to tear down these dilapidated buildings for modern housing or future development. I fully realize that a number of Members of Congress, coming from rural areas where there is no highly concentrated industry, the housing problem is not as serious. A few years ago a survey over the Nation found that over 1 million families in the \$4-to-\$6,000 annual income group, lived in housing which lacked necessary plumbing facilities, adequate bedrooms for members of the family and over 300,000 people lived in buildings which were condemned or completely dilapidated. This survey also showed that 1,500,000 families in this low income group were living in sub-standard homes.

This legislation will provide for more liberal FHA insured lowered loans for sales housing and low interest rate financing for rental type housing for modest income families. Home construction has dropped off sharply over the past several years while unemployment has risen substantially. This fact makes it almost impossible for a low-income homeowner to make substantial downpayments, pay high interest and monthly payments on a building to provide shelter for his family. Today approximately 5 million American men and women are out of work and something needs to be done before this economy regains full employment. The value of homebuilding is an outstanding economic stimulant which was abundantly approved during the 1957-58 recession. I am also glad to know that this legislation calls for a reduction of interest rates generally for the homebuyer. This legislation also recommends a new program for liberal improvement home financing. It also provides assistance for smaller communities to meet their sewer, water, and public facilities needs. It has ample provisions to meet most of the problems concerning our urban groups. Our suburban areas have grown and expanded rapidly during the last 10 years.

One of the outstanding provisions of this legislation provides that parks and recreation areas must be constructed as community assets for the recreation of our American youth living in these communities. A couple of years ago, J. Edgar Hoover, head of the FBI, stated that juvenile delinquency is costing the American taxpayer between \$3 and \$4 billion per year. Proper parks, recreation areas and buildings will contribute greatly to eliminate this cost on the American taxpayer.

The problem of providing adequate homes for low-income groups will become more serious as the years pass.

In this week's issue of the Saturday Evening Post on page 40 is a full-page advertisement inserted by the Caterpillar Tractor Co. The title of this advertisement says: "By 1975, 30 million people could be living in slums or substandard homes—added to our low-income housing problem and slum areas." I think it would be well to set out verbatim the message which this advertisement conveys to the readers of that magazine and I quote several paragraphs from the same:

One need not travel far in most American cities to find desperately overcrowded slums, where misery, squalor, and danger are as common as well-kept lawns in suburbia. True, in many of these same cities the journey is also short to well-planned, low-income housing projects, where hope and dignity are attainable.

But, unfortunately, the long and difficult fight against urban blight was not begun in most metropolitan areas until physical and social decay reached staggering proportions. A successful holding action has been started—but the real battle is ahead. And time is short. By 1975, our population will have increased by 55 million. Unless the pace of urban renewal is increased, 30 million of us will live in slums. The means of improving our cities are readily available. There are competent and enthusiastic citizens' groups, city planners, architects, and builders. There is substantial financial support from the Federal Government. But it takes even more. It takes your own pride in your city—your enthusiasm—your awareness of the problem—and your vote. Remember, by rebuilding our cities today, we'll avoid the need to rehabilitate people tomorrow.

And the advertisement further states that within the next 15 years, we will need 25 million new homes—rehabilitation of many metropolitan areas—over a 50-percent increase in our present supply of water—double the number of our present hospital beds—in 15 years we must have 60 percent more classroom facilities—more than double our electric power—30 percent more lumber and 50 percent more pulpwood—over 100 million additional farm acres under soil conservation—50 percent more mineral ores and twice our present oil supply.

The above factual information from a statistical standpoint for the next 15 years does not come from a Member of Congress or any political group, but from surveys made by some of the thinking of the board of directors of the Caterpillar Tractor Co., of Peoria, Ill.

Separate and aside from the necessity of providing opportunities to purchase reasonable priced homes for millions in the low income bracket, this building project will provide employment for millions of people among the families of carpenters, painters, bricklayers, and all construction crafts. Also, as the Caterpillar Co. advertisement sets out, it will call for the manufacture of thousands of tractors, diesel engines, motor graders, earth removing equipment, mechanical tools, and other machinery that will bring employment back to the steel mills, lumber camps, and dozens of other mills and factories throughout the Nation. Legislation of this type is what President Kennedy was speaking about last fall which is one of the real requirements for the

1960's and also additional years in the distant future.

This bill is made up of 171 pages and during the last couple of days, Congressman RAINS and other members of the Banking and Currency Committee, very ably and in detail, explained the provisions of this legislation. I do hope all Members will stay on the floor of the House and listen to Congressman RAINS and the other Members when they outline the details of this bill.

It is my hope that this low income housing legislation is enacted into law without any serious crippling amendments.

Mr. THORNBERRY. Mr. Speaker, I move the previous question.

CALL OF THE HOUSE

Mr. RHODES of Arizona. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently no quorum is present.

Mr. THORNBERRY. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 91]

Baring	Gray	Rivers, Alaska
Barrett	Green, Oreg.	Roberts
Blitch	Halleck	Rogers, Tex.
Boykin	Hosmer	Roosevelt
Buckley	Kearns	Shelley
Burke, Ky.	Kilgore	Staggers
Casey	Kirwan	Teague, Tex.
Cederberg	Laird	Thompson, Tex.
Coad	Machrowicz	Van Pelt
Findley	Magnuson	Wright
Flynt	May	Young
Forrester	Moulder	Zablocki
Granahan	Norrell	
Grant	Poage	

The SPEAKER. On this rollicall, 393 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

HOUSING ACT OF 1961

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

INCREASING PUBLIC DEBT LIMIT SET FORTH IN SECTION 21 OF SECOND LIBERTY BOND ACT

Mr. THORNBERRY, from the Committee on Rules, reported the following privileged resolution (H. Res. 351, Rept. No. 555), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee on the Whole House on the State of the Union for the consideration of the bill (H.R. 7677) to increase for a one-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and continue not to exceed four hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways

and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means. Amendments offered by direction of the Committee on Ways and Means may be offered to the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

AMENDING GENERAL BRIDGE ACT OF 1946

Mr. THORNBERRY, from the Committee on Rules, reported the following privileged resolution (H. Res. 352, Rept. No. 556), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5963) to amend the General Bridge Act of 1946 with respect to the vertical clearance of bridges to be constructed across the Mississippi River. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

HOUSING ACT OF 1961

Mr. RAINS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 6028) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 6028, with Mr. Boegs in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Alabama [Mr. RAINS] will be recognized for 2 hours, and the gentleman from California [Mr. McDonough] will be recognized for 2 hours.

The Chair recognizes the gentleman from Alabama [Mr. RAINS].

Mr. RAINS. Mr. Chairman, I yield myself such time as I may require.

(Mr. RAINS asked and was given permission to revise and extend his remarks.)

Mr. RAINS. Mr. Chairman, this is the housing bill of 1961. This is one of the most important pieces of domestic legislation that will come before this Congress. It is with a feeling of pride and a little gladness that I rise to discuss the bill, and, I must confess, some apprehension. The pride I have in the bill represents many long months of arduous toil on the part of myself and the distinguished members of our subcommittee and the members of the Committee on Banking and Currency on both sides of the aisle.

I want to express my deep appreciation to my colleagues on the committee, especially those on the subcommittee, because on both sides of the aisle whether they agreed with the bill or not, they were good workers and they toiled hard—that I know.

The feeling of apprehension that I have arises from the fact that this is a complex bill and I can already see it has, in a great many instances, been misunderstood. I have no doubt in my own mind that if every Member of the House understands the bill fully and thoroughly, many more would vote for it than might as of now.

So I would like for each Member on our side of the aisle to get from their respective pages' desk at the back of the Chamber a green sheet that is furnished by the committee so that you will be able to follow and to interrogate about specifics in the bill.

I want to say this in all sincerity, this is a complex bill, because the housing problems of our country are many, and varied, and complex. There is no doubt about it. This is the first time in 10 years, since 1949, that we have been able to review our housing laws and the housing needs of the Nation without the impending threat of a veto hanging over us. We have been able to draw on the experience and knowledge of all our committee members, on the thoughtful advice of our administration, and I want to emphasize at this point, that this is the administration bill. This bill is basically the bill H.R. 6028, sent to us by the President. It has also, in my judgment, been made a better bill by improvements which we added in the committee.

The bill has two or three different aspects. The first one is that it will in large measure help us to meet the needs of people for housing. The second is the boost it would give to employment. In my judgment we cannot be complacent about the present state of the economy. It is true that we have passed the low point, no doubt, of the recession of 1960, but we still have nearly 5 million people out of jobs in this country, to say nothing about the number of June graduates who are soon going to be flooding the job market.

I think in considering this bill we should first consider as to whether or not it helps to meet the needs of our people for housing; and secondly, we should consider whether or not it will be of value

in bolstering the economy in which we find ourselves today.

In 1958 in 30 minutes' time this House passed a billion-dollar emergency housing bill. Even those who oppose all types of housing have told me time after time that that housing bill was the one great aid that did the most to pull us out of the 1958 depression. Yet last year when we passed a billion-dollar housing bill on the floor of the House it was allowed to die in the Senate under the impending stated threat of a Presidential veto. So I make the statement that had we enacted the housing bill which this House in its wisdom passed, we would not have 5 million people out of jobs and we would not be seeing the housing market of this country dragging near the bottom. I want to compliment the House for what I call wisdom, because every single witness that looked at the picture squarely knew that we needed it then.

I want to commend the present administration—and I believe all of you will agree regardless of which side of the aisle you are on—for the vigorous action the administration has taken to reinvigorate the housing market by lowering the interest rate wherever it is possible, because that has been the real drag on homebuilding in this country—high discounts and unreasonably high interest rates bouncing against the usury ceiling of many of the States of the Union. It is widely recognized that the 8-year continual climb in interest rates on housing has been the strangling feature that has helped to keep housing down. However, there is no way I know of that you can legislate to tell a man what he can charge for the use of his money. The only thing you can do is to make possible lending at reasonable rates in the hope that the competition will bring about what ought to be a reasonable supply of mortgage credit for housing.

Some people have said that many of the ideas contained in this bill are new. The truth is the new items in the bill are only about one or two. Most of the items in the bill have long been written into law by this House and the Congress or have been studied by your Subcommittee on Housing for as long as 5 years back in some instances. Therefore, with few exceptions, there are no completely new or untried programs in this housing bill.

Is it true that this bill involves substantial sums of loan and grant money, but you must remember this bill is in the main a 4-year bill. It is not a 1-year bill. Some of the programs which we are activating for a period of 4 years have already run out of money because we did not pass a housing bill last year. So, naturally, the overall figure of loans and grants in this bill is somewhat higher than it would be otherwise. Here are the figures and the reasons.

This bill is some \$60 million less than the bill which the President sent up here. How anybody can say differently is an amazing thing to me. The record does not speak differently. It is under the budget figure which the President sent up here and it is under the Senate

figure; it is not above the figure which the President sent up here in the administration bill, as I heard stated on the floor today.

The dollar amounts in this bill are in the main loans which are fully payable to the Federal Government. The large figures in this bill that are grants are in the continuing program of urban renewal which is going on in hundreds of cities of this country. Unless this money is provided the urban renewal program will grind to an absolute stop.

Another large figure in the bill, that for college housing loans—\$1.2 billion. It is a 4-year program at a rate of \$300 million a year. This is a program that has been in effect now for about 10 years, and the Federal Government has not had one single default. It is a program that is generally accepted throughout the Nation as the best way to meet what seems to be the never-ending problem of finding houses for our kids in college. This amount in the bill is fully repayable, and does not involve a subsidized interest rate.

Nearly \$2.8 billion of the \$4.9 billion represented in this bill is for loan or mortgage purchases of various kinds. The loans and mortgages, as I have stated, will be fully repaid.

Mr. Chairman, I would like to take up, item by item, certain sections of the bill.

In the first place, may I say that I have been somewhat amazed at the press and at Members who have asked me question after question about the 40-year no-downpayment provision. May I say I do not regard that as the important section of the bill at all. In the second place, I think that Members and other people fail to remember that on a 40-year loan you have to borrow the money from a bank or savings and loan association at 6 percent interest.

I am sure you know about how much of it he would loan for 40 years. You have to buy that single house of \$15,000 under FHA credit reports just like you buy them today, and yet I have heard statements around here that a soda jerker could just walk in and borrow \$15,000. I would like to see him get it from a banker. And that is why I say I was amazed at the amount of heat that has been generated because of the debate in the other body and because of certain newspaper headlines; I have been a little amazed at the intense heat on the particular section. If the bill itself hinged around that section only, it could not begin to meet the needs of the people.

I will say this, we have had 40-year loans, no downpayment, in the housing bills for some 8 or 10 years. It is in it now; has been all the time. I will say further that over the 30-years programs that we had with no downpayments with the GI's in this country after the war, we had a fantastic repayment record and the Government did not lose any money. I will say further that on every 40-year loan that we have had for cooperatives and some of the others the Government has not lost any money. It is a mistaken idea that this is to be a Government loan. This is to be strictly a private-enterprise loan.

Just in order to ease the pain of some of my colleagues, I have no real objection to cutting it down to 35 years and putting in a 3-percent downpayment. So, at the proper time I intend to offer a substitute to make it 35 years with a 3-percent downpayment. This should end the matter. I never understood quite all the sweat about it. If it was going to be a Government loan handout to everybody, there might be something to it.

Furthermore I will say this: In the congressional district of every Member of this House the two greatest unmet needs for housing today are for the people who make between \$4,000 and \$6,000 a year. The intent and purpose of this long-time loan—even though I do not believe it would solve all the problems—is to get at the root of the problem of the very people who today are not getting the houses they ought to have. In 1950 some 50 percent of all the loans made under FHA were in the bracket of people making between \$4,000 and \$6,500 a year. Today, 10 years later, only 25 percent of the FHA loans are in that bracket, and the number of people who have moved into that particular income group has risen sharply. So, let us not make any mistake about that. So, unless we are able to extend terms with reasonable rates and to provide aid and assistance to those people to whom even \$5 or \$10 a month in income is most important when it is paid out in housing, we are not meeting the housing needs of the people of this country. And, this bill seeks to do it under the private enterprise system and not by Government loans.

Now, there are some people who say you never have an equity even in a 30-year or 35-year housing loan. I have often said to myself, as I have watched these people buy these houses with no downpayment, and I saw them fix up their yards and build a picket fence and a barbecue pit in their backyard, strain to make the payments which they did, that in my judgment there are two things that the people of America will pay for if they can get the money at all. One is a home, and the other is an automobile. I have often said, and I believe it sincerely, that one of the best things you can do to a man is to give him a deed to a little piece of this good earth with a house on it even though he does have a mortgage on it. It is better—10 times better—than 35 or 40 years later to have that same man wind up with a dresser bureau drawer full of rent receipts and no equity in anything.

If you will go back and look at the figures of homeownership in 1929 and look at the high percentage of homeownership today, you will be pleased and happy with the progress we have made in this country. It does not mean that we have done all we could, nor all we should, so long as it is not costing the Government any money. I have heard pessimistic people say "Yes; but we have not gone through the wringer yet. Yes, but we have never been through a depression like the days of the thirties." I can only say to you—and most of you, like myself, lived through it—that God for-

bid that we ever have to go through another one of that kind. I do remember one story which came out of the depression, and that is a fantastic story. I remember when the hammer was falling on farm, houses and homes all across the land, and I remember in the days long before I came here the wise men and women in this House who passed what was called the HOLC. It was my privilege as a member of the Committee on Banking and Currency in recent years to help and assist in winding up the affairs of the HOLC which saved the homes of countless Americans. Do you know what happened? The Federal Government made a profit of \$30 million on that program.

So I am going to tell you this: If the time ever comes that my pessimistic friends fear when everybody is going to fail to meet their FHA payments, surely we will not foreclose the homes in America; and if that time ever comes, those of us here today will see to it that somehow or other the people will retain their homes.

The truth is that under FHA and all of the kindred programs which will be talked about here today as if they represent some kind of dragon aimed at the taxpayers, this Government of ours has already reaped nearly \$1 billion in profit from these programs that we are talking about. I sometimes wonder if that is fair. I think the profit ought to be cut and given back to the people. But in addition to that—and I sincerely believe this, and this is true in my district; I do not know what the situation is in other districts—the best citizen in my district is the man who owns his home.

I was quite impressed with one of my beloved and distinguished friends on the Rules Committee who told us a story about a certain city in Mississippi in which some people had cheap houses and as long as the Government owned them, they were going to seed. But one day they bought them, and when they did flowers grew up and the grass grew green, and the fences were painted, and awnings were put up. It is the same story whether it is Mississippi, Alabama, Connecticut, or New York, where people own their homes.

Of course, I am one who wishes that all of us could walk up to a banker and say "I want to buy this house, and here is the cash for it." But how many people would own their homes in America? I do not know how many men like you and I, even, would have owned our first home if we had been compelled to walk down and lay the cash on the barrel-head. Not too many. A great many of us do not have our mortgages paid up today, but we have pride in the fact that we own our home and we are building an equity in it.

Mr. Chairman, the second part of section 101 is designed to help moderate-income families who want and need good rental housing within their means. This would be provided by expanding the present section 221 rental housing provisions to permit lower interest rates. Under the terms of the bill, the FHA Commissioner would be authorized to establish the rate and the bill contains a

formula setting a lower limit. That formula, which is based on the actual current yield of outstanding Treasury debt, works out to 3½ percent at present. It is not a subsidy rate because it could not go lower than the current cost of money to the Treasury, and yet it would be less than could otherwise be obtained in the mortgage market. Also the FHA Commissioner would have discretion to eliminate or reduce the mortgage insurance premium. Under this authority rents could be reduced by as much as \$20 a month per unit, and perhaps even more if as is apparently contemplated maturities up to 50 years will be permitted. This is a substantial saving to families of modest income and for many of them will make the difference between living in decent, safe, and sanitary housing or being confined to slums.

These loans could be made only to private nonprofit or limited dividend corporations, cooperatives, and public bodies other than low-rent public housing authorities. These restrictions on types of borrowers will prevent profiteering and assure that rents will be kept to a minimum. A further restriction in the committee bill limits initial occupancy of profits to families and individuals whose income exclude them from acceptable housing in the private market.

Since private lenders will not be interested in these below-market interest rate loans, the bill provides additional FNMA special assistance authority to finance them.

If the Administration were to decide to use the bulk of the \$750 million in new authority provided to FNMA for this program—and there are indications that this may be their intention—about 50,000 units could be built. Because of the experimental nature of this program the committee bill would limit it to a period of 2 years.

Mr. Chairman, this is one of the provisions which I am particularly pleased to see in the administration proposals. It is very similar to a plan included in last year's housing bill (H.R. 12603). It is not a new idea to those of us on the committee or to others concerned with our housing problems. The need for such help has been clearly established and the approach containing this provision has been carefully thought through. It will fill a gap in our present housing programs and meet a long neglected need.

Title I of the bill provides another important innovation to help us improve our housing conditions. Substantially liberalized FHA loan insurance for property improvement financing is sorely needed to protect the value of our existing stock of good housing and restore those homes which have begun to deteriorate, but which can still be saved. New construction can never meet all of our housing needs. Even at the height of a homebuilding boom only about four new homes are added for every existing 100 homes and much of this relatively small addition must go simply to accommodate population growth. If we are to make progress in improving housing conditions we must undertake a bold effort to help

property owners maintain and improve the more than 50 million homes now in existence. A relatively modest amount of assistance, if extended in time, can forestall the spread of blight which would create slum conditions and cause a drain on local and Federal finances.

To achieve this purpose the bill would authorize FHA mortgage insurance on property improvement loans in amounts up to \$10,000 per dwelling unit and with terms running as long as 20 years. This will make it possible to finance major renovations and, because of the long term involved, at monthly costs which can more easily be borne by the average family budget.

These loans could be in addition to any existing financing on the property to avoid the necessity of complete refinancing which often involves raising the interest rate on the entire loan, as well as sizable closing costs. The FHA Commissioner would have discretion in the type of security he would require. In the case of smaller loans this could be simply a personal note as is now done under the existing FHA title I home improvement loan program. For larger loans, or longer terms, he could require a second mortgage.

This liberal financing would avoid the evils often associated with second mortgage financing. These would be fully amortized loans which would not involve the dangers of the balloon-payment type. By providing for an extended term, monthly payments would be kept within reason. Also, total indebtedness relating to the property would be kept within the amount which would apply if FHA were insuring a regular mortgage for the purpose and rehabilitation of the property.

Interest rates on these loans would be limited to not more than 6 percent. This is less than is usually obtainable on this kind of financing and is far less than the existing FHA title I program under which the interest rate works out to about 9½ percent.

Special incentives are provided for the use of these home improvement loans in urban renewal areas by two provisions. First, FNMA would be authorized to purchase them under a special assistance function. Second, the FHA Commissioner could authorize cash payments in case of default as is now done under the title I program. These loans could also be used outside urban renewal areas though without FNMA assistance and with payment in the form of a 10-year debenture in case of default.

Mr. Chairman, I would like once more to call attention to the fact that this is not a novel idea. Back in 1956, my Subcommittee on Housing made a field investigation of needed improvements in housing legislation and this was one of the measures which we recommended. Unfortunately, it has taken some time for the need to be generally recognized but now, at last, we will have the opportunity to see this approach tried out in actual practice.

Another provision of title I is designed to bring about a reduction in housing costs and improvements in housing design and technology. This would be

done by authorizing FHA mortgage insurance on new homes built through cost-saving methods or with new experimental materials.

TITLE II. HOUSING FOR THE ELDERLY AND LOW-INCOME FAMILIES

Title II of the bill covers two separate programs. The first deals with the program of direct Federal loans authorized in the Housing Act of 1959 to provide housing for our older citizens. Although this program had the strongest possible support in the Congress, it was opposed at that time by the administration. As a result, when it finally became law, it was hedged in with restrictions and delays. The new administration, however, is well aware of the tremendous need for this assistance to our rapidly growing number of older citizens whose incomes are well below the average of the population as a whole. Now that the program is being operated more sympathetically, there has been a rapid increase in applications. At present, applications received approximately equal the \$50 million originally authorized for these loans. To continue this valuable program, the committee bill would authorize the appropriation of an additional \$100 million. Also, the 2 percent equity requirement would be eliminated so that the loans could cover the full amount of development cost. And finally, these loans which are now confined to private non-profit corporations would be made available to cooperatives as well.

The second part of title II deals with the low-rent public housing program for our lowest income families. This program in recent years has been faced with every obstacle its opponents could throw in its way. It has been starved for authorizations and it has been examined and reexamined with the sole purpose of delay and destruction. As a result, the intent of the Housing Act of 1949 has been continually frustrated. At the same time, however, the need for such housing has continued and even increased. Expanded activity under the urban renewal program and under the highway program and other construction activities have displaced thousands of families whose only hope for decent housing has been through the low-rent program. It is estimated that about 45,000 low-income families eligible for public housing will be displaced in 1961 alone.

Urban renewal and low-rent public housing are inseparable parts of the same effort. We cannot, in good conscience, uproot families from their present homes, however, inadequate they may be, unless some provision is made for providing them with places to live. Such activity, moreover, would be shortsighted and self-defeating—they would simply create overcrowding and slum conditions elsewhere. If our efforts to rebuild our cities through urban renewal and other construction activities are to succeed, we must provide adequately for the rehousing of displaced families.

To meet this need, as well as the urgent need for housing other low income families, particularly the elderly, the bill would restore the unused balance of the 1949 authorization thereby permitting

the construction of about 100,000 additional low-rent units. This authorization will take care of applications now on hand and carry the program for perhaps 3 or 4 years.

Another provision in this title would help to meet the problem created by the extremely low incomes of many of our older citizens. Experience has shown that elderly persons often have incomes so low that they cannot pay the rents required to meet the operating expenses of low-rent projects. Therefore the bill provides that where this factor threatens the solvency of a project, an additional Federal payment of up to \$120 a year could be made for elderly families.

Finally, the bill would reduce the income gap requirement in certain cases. The law requires that there be a gap of at least 20 percent between the maximum income for admission to public housing and the minimum income necessary to afford decent housing in the private market. This income gap need be only 5 percent in the case of families displaced by urban renewal or other Government action. Because of our special obligation to displaced families, the bill would eliminate this 5 percent requirement for them. Also, the gap requirement would be eliminated for elderly families. All others would still be limited by the present 20 percent requirement.

TITLE III. URBAN RENEWAL AND PLANNING

The slum clearance and urban renewal program, begun by the Housing Act of 1949, has proven to be of tremendous benefit to our towns and cities. It has made possible a direct attack on the slums which blight nearly every community of any size in the country. Its success has won support in every quarter, including business and civic groups and local government officials. Many of the sore spots of our cities are being converted into healthy and attractive assets to the community. A special side benefit of these efforts has been the improvement in local financial resources. Slums place a heavy burden on local government because they require far more in health, police, fire, and other municipal services than they return in taxes. By replacing them with new and rehabilitated construction, the urban renewal program has increased tax rates manifold and thereby enabled local government to meet the many other demands for municipal services.

The existing authorization for Federal and urban renewal grants is now exhausted. To meet this need and to carry the program for an estimated 4 years, the bill would authorize an additional \$2 billion. In my judgment, this amount is an absolute minimum. It is less than the mayors of our Nation have requested. They have long urged a program of \$600 million a year for 10 years. However, balancing the needs of this program against our other requirements, the committee felt that this amount should be adequate to carry the program at a high level over the next 4 years.

Mr. Chairman, the bill also contains a provision which would give more equitable treatment to small communities, and to some depressed areas, to en-

courage them to obtain the benefits of the urban renewal program. It would do this by raising the Federal share of net project cost from two-thirds to three-fourths for communities up to 50,000 population and depressed areas up to 150,000 population.

This aid to small towns is needed to offset the special advantage which larger cities have. Present law provides that the Federal share of urban renewal costs can be met either in cash or through noncash grants-in-aid such as donation of land or construction of roads, schools, or other public works necessary to the project. Experience has shown that large cities are better able to meet their share of cost though this noncash assistance than are small communities. To offset this advantage, the bill authorizes a moderate increase in the Federal contribution.

Another important provision would provide help to small business firms displaced by urban renewal. The need for relief in this area is generally recognized and a similar provision was recommended by the Banking Committee last year. Two benefits are provided. First, the Federal Government would be authorized to pay the full amount of moving costs for displaced business firms. Existing law limits this to \$3,000 and while this is more than adequate in most cases, it is not enough for firms with heavy equipment. Thus, such firms suffer a net loss through no fault of their own. The committee bill would correct this unfair burden.

In addition, displaced business firms would be made eligible for loans on liberal terms through the Small Business Administration to provide financing to get them back on their feet. These loans presently carry an interest rate of 3 percent and a maximum term of 20 years, and are the same as those available to business firms uprooted by storm, flood, or other natural disaster. It is only fair that a store or other business which has been forced to move by a Government program should be given some assistance to help it get started again.

Mr. Chairman, I am sure my colleagues will agree with me the support of a business community is essential to the success of our efforts to rebuild our cities. We must not do less than provide fair treatment and help them to continue in business if urban renewal is to succeed in its purpose.

Another provision of the bill would extend to private nonprofit and public hospitals the same advantage under the urban renewal program now available to universities. In many cases our downtown hospitals are faced with the same problems as our downtown universities. They are often located in older parts of the city and have come to be surrounded by blighted areas. Because of the special importance of hospitals we must not abandon them to slum neighborhoods.

The bill would encourage urban renewal projects around these hospitals by recognizing certain hospital expenditures as part of the local share of cost and by waiving the "predominantly

residential" requirement of the law just as is now provided for universities.

The need for city planning has increased with the sharp population growth in recent years—a growth which there is every reason to expect will continue. To encourage this, the bill authorizes the appropriation of an additional \$30 million urban planning grants and increases the Federal share from one-half to two-thirds.

TITLE IV. COLLEGE HOUSING

Title IV of the committee bill would provide additional funds for the college housing loan program. This has been one of the most successful programs that the Federal Government has ever undertaken. In its 10 years of operation it has helped to provide housing for nearly 400,000 students in over 1,500 different projects—and it has done this without ever experiencing a single default.

Because of the tremendous need for these loans the existing authorization has been entirely used up and a backlog is developing. Moreover, college enrollments are expected to rise sharply in the years just ahead which will place even greater pressure on dormitory facilities. To continue this important program of aid to our universities the bill would authorize additional loan funds of \$300 million in each of the next 4 years, a total of \$1.2 billion.

TITLE V. COMMUNITY FACILITIES

One of our most pressing needs is an increase in our investment in local community facilities, particularly water and sewer works. The past years of neglect and of rapid population growth have resulted in a heavy backlog of need for these projects. In recent years many communities have had to forego investment, no matter how greatly needed, because they simply could not meet the heavy financing charges required in the private money market.

I am very pleased to see that some reduction in interest rates has been made in recent months. One of the first steps taken by the new administration this year was to cut a quarter of 1 percent off the interest rate charged under the public facility loan program. However, I am in wholehearted agreement with President Kennedy's statement that interest rates are still too high and are blocking many worthwhile projects, particularly in smaller communities. Therefore, the committee bill would expand the loan authorization of the existing public facility loan program by \$500 million. These loans would be available to smaller towns of less than 50,000 population and depressed areas up to 150,000 population.

Mr. Chairman, the additional loan funds in the committee bill amount to \$450 million more than the amount requested by the administration. This change was made to improve the balance of the bill and treat the problems of small towns more adequately. To keep within the total dollar amount of the administration's recommendations, we offset this increase by reducing the amount provided for outright grants under the urban renewal program from

\$2.5 billion to \$2 billion. The urban renewal program is of primary benefit to our larger cities while the public facility loan program is, in a sense, the urban renewal program for small towns.

The bill also would liberalize the existing public facility loan program by reducing interest rates. In spite of the administration cut, the cost of money under this program is still above 4 percent. This is well above the level at which most larger cities can raise funds by issuing tax exempt securities to private lenders. In order to provide more equitable treatment for these small communities, the committee bill would set the interest rate on these loans under the same formula now used for the college housing loan program. For the present fiscal year, this produces a rate of 3½ percent.

TITLE VI. AMENDMENTS TO NATIONAL HOUSING ACT

Title VI of the bill contains a number of basic amendments to the present programs under FNMA and FHA.

There are two principal provisions affecting the Federal National Mortgage Association. The first would increase its special assistance authority by adding \$750 million in new funds. In addition, it would give the President discretionary authority to use \$200 million which remains unused from the Emergency Housing Act of 1958. These funds are now carried on the FNMA's books as available for the purchase of FHA and VA mortgages for the purposes of the Emergency Act which was to stimulate the economy generally. Under the terms of the bill the President could also use these funds for other designated special assistance purposes, such as low-cost sales housing under section 221, urban renewal housing, housing for the elderly, and cooperatives. In addition, the bill would permit FNMA to use the funds it is now receiving as repayments on mortgages purchased prior to 1954. In that year, the Housing Act set up a new classification in FNMA's bookkeeping called the management and liquidation fund and put all of the portfolio existing at that time in this fund. Currently FNMA receives about \$150 million a year in repayments on the mortgages purchased under these earlier authorizations. The bill would allow these funds to be used for other special assistance programs for a period of 4 years.

Mr. Chairman, FNMA's special assistance is vital to the success of many of our most important housing programs. It will be the sole source of financing for the new low-interest rate section 221 rental housing loans. It is likely that the bulk of the \$750 million in new authorization will be set aside for that one program. In order to make financing available for other needed programs, such as the expanded homeownership program under FHA section 221, it is important that the agency be permitted to use other funds which it received under previous congressional authorization. This will be particularly important if these programs are to receive adequate financing in areas such as the South

and Southwest where mortgage money is normally in short supply.

The second amendment affecting FNMA is one which has long been sought by the homebuilding industry. At present the Agency is limited to outright purchase of home mortgages. This denies its resources to a mortgageholder who has only a short-term need for money. For example, a builder who takes back FHA and VA mortgages for his houses may not be able to sell them immediately on favorable terms. To avoid tying up his capital and forcing a curtailment of his homebuilding operation, he needs interim financing until he can dispose of the loans. Therefore, the bill would permit FNMA to make short-term loans on security of pledged FHA and VA mortgages. These loans would be limited to 12 months' maturity and 80 percent of the value of pledged mortgages.

The FHA, which has been one of the most successful programs ever undertaken by the Federal Government, has in the past been faced with the problem of recurring exhaustion of its mortgage insuring authority. Just a few weeks ago, FHA came dangerously close to the ceiling on its power to insure and it was necessary to rush a resolution through the Congress authorizing additional authority. Even this added amount is expected to be exhausted before the middle of next month.

Mr. Chairman, it is important that the Congress set a limitation on the FHA program to insure periodic review of its operations. At the same time, it is also important that the Agency be able to operate with the necessary freedom and that homebuilders and mortgage lenders be able to plan ahead with confidence. To accomplish both objectives, the committee bill would remove the dollar limitation on FHA's insuring authority altogether and instead set a cutoff date of 4 years. At that time the ceiling on FHA insuring authority would become the amount of insurance and commitments then outstanding unless the Congress took further action.

Another important provision of the committee bill would liberalize FHA's basic homeownership program under section 203 of the National Housing Act. This program has long since proven its value in expending homeownership and encouraging home production. It has been successively liberalized over the years and its record has amply justified the confidence of its supporters. Only one-half of 1 percent of loans insured under this program have ever gone into foreclosure and the program has not only never cost the taxpayer a cent but has built up substantial reserves against future losses. The committee bill would authorize a modest reduction in the downpayment requirements by giving the FHA Commissioner discretion to require only a 3-percent downpayment on the first \$15,000 of value, 10 percent on the next \$5,000, and 25 percent of any amount above \$20,000. The maximum mortgage which would be insured on a single-family home would be set at \$27,500—presently it is \$22,500. In comparison, existing law requires 3 per-

cent down on the first \$13,500, 10 percent of the next \$4,500, and 30 percent of any amount over \$18,000, with a maximum mortgage of \$22,500. To permit lower monthly payments, the maximum maturity would be increased from 30 to 40 years. These changes will permit lower downpayments above the \$13,500 level enabling families to obtain homes more adequate for their needs, and at the same time increase housing demand and stimulate our sagging homebuilding industry.

Other provisions of this title would give the FHA Commissioner discretionary authority to reduce the FHA insurance premium to as low as one-fourth of 1 percent. Presently the charge is one-half of 1 percent, the minimum set by law. Also, the loan-to-value ratio of FHA insured mortgages on nursing homes would be increased from 75 to 90 percent. Finally, the section 810 program for off-base defense housing would be amended to encourage construction activity and a \$25 million special assistance fund would be set up in FNMA to assure the availability of financing.

TITLE VII. OPEN SPACE AND LAND DEVELOPMENT

The first part of this title authorizes partial Federal grants to State and local government units to help them acquire land for parks and recreational uses. As our cities have grown under the impact of rapidly rising population, we have seen vast areas built up entirely for housing, shopping centers, and other purposes. Often one must go miles to find a park of any size. Under the tremendous pressure of the postwar housing shortage little thought was given to this problem. The need at that time was simply to get housing and more housing. I think everyone will agree that a neighborhood is far better if it has ready access to a nearby park or playground. They are essential to the health and sound development of our children. To meet this need the bill authorizes the appropriation of \$100 million for the acquisition of open land for these purposes. Partial grants could equal 20 percent of the acquisition cost for a community acting alone, or it could be up to 30 percent where the land would serve the needs of more than one community thereby encouraging comprehensive area-wide planning. This aid could not be used for the acquisition of land outside the given urban area.

The second part of this title would authorize a new program of FHA mortgage insurance for the acquisition and development of land for housing projects. The need for such aid has long been evident and a similar proposal was recommended by the Banking Committee in last year's housing bill.

No component of housing cost has risen more rapidly than land. There is a pressing need for financial assistance to enable builders to develop land more efficiently and at lower cost. To help meet this need the bill would permit FHA to insure loans to builders and developers in amounts up to 75 percent of the value of the land and improvements. The maximum interest rate would be set at 6 percent and the maximum term of the loans would be 5 years. To

prevent any possibility that these loans would be used for land speculation, the FHA Commissioner would be required to enter into an agreement with the builder or developer assuring that construction would begin within a reasonable period after the land is developed. Because this program is experimental in nature, it would be limited to a 2-year period to give the Congress a clear opportunity to review it carefully.

TITLE VIII. FARM HOUSING

The farm housing loan program established by the Housing Act of 1949 has been of tremendous benefit to our farm population by making financing available for them to improve their homes. In order to continue this worthwhile assistance, the bill would extend the program for 4 additional years. Also, a new authorization of \$200 million would be provided which, added to the \$207 million of remaining authority, will be enough to carry the program for this period.

An important improvement in the program—one strongly urged by such groups as the National Grange, the National Farmers Union, and the National Rural Electric Cooperative Association—would be the extension of eligibility to nonfarm families living in rural areas. These families are faced with much the same difficulty in obtaining financing as is our farm population and yet to date they have been excluded from the benefits of the program.

Another provision of title VIII would authorize a new program of loan insurance to provide housing for farm laborers. Such loans would be limited to not more than \$25 million a year.

TITLE IX. MISCELLANEOUS

Title IX, the last title of the bill, would provide three important provisions affecting Federal savings and loan associations. Financing for housing for the elderly would be encouraged by a provision permitting savings and loans to invest up to 5 percent of their assets in such loans with a maximum term of 30 years and a loan-to-value ratio of up to 90 percent. Second, trade-in home financing would be aided by permitting loans of up to 80 percent of value on a nonamortized basis with terms up to 18 months. Third, savings and loans would be permitted to invest up to 5 percent of their assets in certificates of urban renewal trusts, thus permitting a number of associations to pool their resources to finance urban renewal housing.

Another provision of title IX would extend for 4 years the voluntary home mortgage credit program which otherwise would expire in October. This program helps to make FHA and VA financing available in small towns and rural communities which do not normally have access to the large money centers.

Mr. Chairman, this completes the review of the major provisions of H.R. 6028. I realize that this is a large and a complex bill, but that is because our housing problems are equally large and complex. While I have not taken the time to touch on every detail in the legislation, I assure you that the members of the Banking Committee and our

Subcommittee on Housing, as well as the experts of the housing agencies and outside groups interested in the legislation, have considered every point carefully. We have made every effort to bring forth a well-balanced bill and, in my judgment, we have succeeded. We have not given in to those who argue that any one program is all-important and should have a disproportionate share of our available resources. Nor have we given in to those who bear a grudge against particular programs and want to see them cut out entirely. I believe that this bill will mark an important forward step in our housing legislation and will enable the country to embark on an intensive 4-year program to improve housing conditions in every part of our country and for all of our people.

I am hopeful that the Members of the House will recognize the broad range of needs which this bill will meet and approve it as recommended by the committee by an overwhelming margin.

Mr. Chairman, I have only hit the high spots, because I am going to yield the floor in a few minutes. The review I have made only touches these highlights. In my judgment it is the best housing bill that has ever come to the House since I have been connected with the Committee on Housing. It uses to best advantage private enterprise. If you want to be completely opposed to private enterprise, oppose all sections of the bill, because this bill is the American way to get a good job done for people who need housing throughout the length and breadth of the land.

Mr. THOMAS. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from Texas.

Mr. THOMAS. Mr. Chairman, I want to commend our very able, as well as genial, friend for perhaps on of the most analytical statements I have heard made on this floor in many, many years. May I respectfully request of our able chairman that sometime during debate, certainly in the revision of his remarks, he go through this bill section by section and put the dollar mark cost on it. The reason I make that request is there are too many Members who think this bill is going to cost far more money to the taxpayer than it is. Take for instance FHA.

FHA has not cost the taxpayers of this country 1 penny, and this is the 29th year it has been in existence. Instead of that it has a \$1.4 billion surplus that it has made.

Mr. RAINS. That is correct.

Mr. THOMAS. College housing has not cost anything, and your elderly housing provision, even though it has a limited market—and I use that word advisedly—your housing for the old folks should not cost one penny, even with the subsidy you have in there. That is going to be a big help, and perhaps if the bill is administered correctly for your first \$50 million to \$100 million, it should not cost the taxpayers one red cent. FNMA has not cost the taxpayers any money; it has made money.

Now let us get onto one thing that is troubling the taxpayers, and that is the

40-year no downpayment. It is not a loan now, if I understand the gentleman correctly; it is an insurance problem.

Mr. RAINS. That is correct.

Mr. THOMAS. Please do not make the mistake of getting your interest rate at 6 percent. It is too high.

Mr. RAINS. I will say to the gentleman that I heartily agree.

Mr. THOMAS. Now listen. Herein lies the seed. Mark my words, if there is an answer to public housing, here it is. Take your pencil and paper: Build a unit under this new program, take the cost of a unit under the public housing program for 40 years—that is what your public housing program is—it is my judgment that this new program will cost the taxpayers less per unit. But listen now. You cannot make it work on a 6 percent interest basis, so I do hope the gentleman will consider a committee amendment to put that interest rate down on an average rate that the Government pays and make it lower. You will save money. I am going to support your program. I think you have done a good job generally but I hope you will do something about back-door spending. I want to vote for the housing program but I do not want to vote for back-door spending and I reserve the right to vote against back-door spending.

Mr. RAINS. I will say to the gentleman when I saw him get up and heard him with that delightful approach I was a little bit afraid, but I am so happy that we are together. I think everything is going to be fine.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from New Jersey.

Mr. WIDNALL. One of our colleagues said that this bill would cost, I believe, \$328 million as far as the 1962 budget impact was concerned. How do you figure that when there is \$2 billion for urban renewal in the bill that can be committed within the first week after this bill goes into effect?

Mr. RAINS. Not a single dollar on urban renewal in this particular bill—and that is a point we so often fail to remember—can be expended during 1962. Urban renewal is a long-range, long-time contract program, and that is why we have to legislate in advance for the program.

Mr. WIDNALL. When can the \$3 million in your program be expended for urban renewal?

Mr. RAINS. The \$2 billion will be committed over the next 3 or 4 years but actual payouts by the Treasury will not really begin until 1963 and the bulk of the expenditures in even later years.

Mr. WIDNALL. In the community facilities program where the committee upped the President's request from \$50 million to \$500 million—and that is immediately available—why is that \$500 million not included in the budgetary impact for 1962?

Mr. RAINS. As a matter of fact, a part of it may be included, but as of now we are unable to tell what part, because you are unable to tell whether any of the program presently before us

will come into existence this year or not. First, the Federal Government signs a loan commitment so that the community can go ahead and start a project. The actual payment of the loan funds—and the budget impact—does not come until later. There is no definite statement that you can make.

I would like to know this. If you are going to charge everything the Government has loaned against the budget of the United States, then you had better dig up those billions that we lent through the Export-Import Bank, the Inter-American Bank, and so forth; if you are going to charge to the budget what we lend to the little cities in America for sewers and water systems, let us charge all these other items that came rolling through. That is a loan, and not a grant.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield further?

Mr. RAINS. Yes.

Mr. WIDNALL. In order to be able to lend that money to the cities of the United States the Government has to borrow money, which is paid for by the taxpayers of the United States. It seems to me, if this is enacted, if I understand what is in the housing report on page 57, the committee felt it was necessary to raise the amount from \$50 million to \$500 million for this purpose, and the committee said this:

The administration bill requested an increase of \$50 million in this authorization. The committee boosted the increase tenfold to \$500 million to provide for the enlarged demands that would be made on the program because of changes proposed in the basic character of the program. These include (1) placing the program on a subsidized, submarket interest rate basis, (2) introducing a new nonmarketable type of municipal security under which interest payments could be postponed for 10 years, (3) permitting a \$10 million loan limit per project, with (4) setting up a new business department to stimulate activity with the customers.

The \$500 million will be committed in the first week, and the gentleman knows it.

Mr. RAINS. I will say to the gentleman that he should go back and study the bill further. The gentleman was asking me the reason why the loans are not charged to the budget. I answered a moment ago that these are loans instead of grants. That has been the system always.

Mr. WIDNALL. As I understand it, they are charged to the budget. I should like to ask the gentleman another question, if he will yield further.

Mr. RAINS. I yield.

Mr. WIDNALL. The gentleman just made the statement, I believe, that public housing would be used mainly for displaced people from urban renewal and Federal highway programs. Does this mean that you are killing the housing for the elderly and the veterans priorities that exist in public housing today? And if it is going to be mainly for the displaced and relocated people, why are we including in this \$120 per year additional per unit for the elderly, thinking that this is going to be used almost entirely for housing for the elderly?

Mr. RAINS. I am sure I did not say that it was limited only to those who were displaced. I said that most of it is needed to rehouse those who were being uprooted. And I point out to the gentleman that that would include uprooted and dislocated elderly people as well as others.

Mr. WIDNALL. I believe the gentleman said that would be used mainly to relocate displaced people.

Mr. RAINS. It would be, in my judgment.

Mr. WIDNALL. At the same time, it is being held out to the country that this would be housing for the elderly and that it would enlarge the program and help that program.

Mr. RAINS. There has been no holding out on my part except to say that there are 100,000 units in the bill; and it is my understanding that some portion would be used for housing for the elderly.

Mr. WIDNALL. I thank the gentleman.

Mr. WHITENER. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman.

Mr. WHITENER. Mr. Chairman, I would like to call the gentleman's attention to the home improvement loan insurance program provided for in this legislation. My observation has been that title I perhaps has been the most abused feature of all the housing programs in this country, and more people have been victimized in my section of the country by unscrupulous operators in that field than any other that I know. In casually looking through the hearings, the only place I observed any reference to any protection for these homeowners is on page 107 of the hearings in a statement of the Housing and Home Finance Administrator, where he says:

Under the bill the basis would be the sum of (i) the estimated cost of the repair and rehabilitation and (ii) the Commissioner's estimate of the value of the property before repair and rehabilitation.

Then on page 13 of the report I notice that it is said:

A service charge and appraisal, inspection, and design fees could be included in the amount of the loan.

Mr. RAINS. Of course, the program about which the gentleman is speaking is not the title I program at all. It is one that has every safeguard around it, which title I never had and maybe ought to have.

Mr. WHITENER. This is the point I want to make here and get the gentleman to put in the RECORD, because certainly the gentleman is the leading expert in this field. Is it contemplated that notwithstanding the language in the bill now being discussed adequate safeguards will be provided to see that before the improvement is done there has been a commitment from the FHA or some supervision so as to assist in guaranteeing to the homeowners that they will not be victimized by these siding and roofing shysters and others who pretend to be home improvement people but who are actually carrying on a skin game in which they are taking money off the

needy people, such as we have in our country?

Mr. RAINS. The section that has \$10,000 and 20 years has every safeguard around it that any FHA loan ever had. It is not title I, which is only a repair loan; this section is a rehabilitation loan for an old house. The title I loan is only for \$3,500 and only for 3 years, and carries about a 9½-percent interest rate.

When we come to saying, "We are going to write restrictions around the \$3,500 loan for 3 years," the banker says, "If you do that, I do not want to make the loan anyway." So I welcome the gentleman's assistance on this. I am talking about the \$3,500 repair loan, which is not this provision of the bill. If the gentleman could suggest to us the means whereby we could keep these suede-shoe boys out, I would be glad to have it.

Mr. WHITENER. I would be happy to assist in every way possible in seeing to it that there will be an inspection and all the safeguards we can put around these people, who are probably going to be involved in this for \$10,000.

Mr. RAINS. They cannot get it in this one. I want to emphasize that. There is no way for the suede-shoe boys to get into this program. It is only in the ones where you do not have the inspection. Here you have the FHA inspection, appraisal, and everything.

Mr. WHITENER. I hope the gentleman will have the regulations changed to keep the suede-shoe boys from taking us one-gallus boys for a ride.

Mr. RAINS. We will try to do that.

Mr. McDONOUGH. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. KILBURN].

Mr. KILBURN. Mr. Chairman, I have been here a little over 20 years, but I have never been and never wanted to be on the housing subcommittee, so I do not profess to know all the details. It is a very complicated subject, of course. I have seen quite a few housing bills before this House. Many of them have been beaten in the House. But in my judgment this bill is at least five times worse than any housing bill that has ever been defeated in this House. I hope I may have the attention of the distinguished gentleman from Alabama. The gentleman from Alabama is a close friend of mine—whom I call a real friend, and he is, and I admire him greatly. But one morning when we were in the committee room, he was reading a newspaper. I said to him, "How do you get that newspaper?" He said, "I have it sent to Alabama." It was the Wall Street Journal. He said, "I think it is the greatest newspaper in the country." So I would like to read to the Committee here the lead editorial from the Wall Street Journal. It is dated June 15. The title is "House Without Foundation." It goes like this:

HOUSE WITHOUT FOUNDATION

So many things are wrong with the housing bill in Congress that it would be impossible to catalog them here. But if there is a word that sums up these proposals, it is irresponsibility.

The version passed by the Senate this week, incorporating most of President Ken-

nedy's requests, would cost more than \$6.1 billion, which a debt and deficit-ridden Government obviously cannot afford. In some respects the bill reported by the House Banking and Currency Committee, with its 40-odd amendments, is even more reckless.

One of these amendments would more than double, to over \$1.5 billion, the administration's request for the Federal National Mortgage Association special assistance fund. Another amendment would boost from \$50 million to \$650 million the administration's request for "community facilities." The House committee's minority report calls this provision, among other things, a needless federalization of municipal finance.

But the provision which seems to us to set the tone of the bill as a whole is the key one concerning housing for families of modest incomes; that is, in the \$4,000 to \$6,000 a year range. The White House asked Federal Housing Administration insurance of 40-year mortgages, with no down payment on homes costing up to \$15,000. The Senate finally stuck in a token downpayment requirement, but even this small sop to responsibility may well disappear before the bill becomes law.

Certainly a case can be made that the community should try to provide tolerable housing for the truly indigent, despite the considerable abuses associated with public housing in practice. But when it comes to this sort of assistance for people of moderate incomes, we are leaving the standards of prudence far behind.

By definition, people of moderate incomes do not need public assistance. What the Government is in effect saying with this proposal is that if such a family does not have exactly the house of its heart's desire, it is the duty of Government to help provide that house. That is a concept of Government which has no place in any system short of socialism.

Consider, moreover, the demoralizing implications of the aid. One of the soundest principles of home ownership is that the buyer have an equity in his property; this is abandoned in the administration proposal. The authorization of 40-year mortgages is no less flagrant a departure from prudent lending procedures; on that basis, to mention just one objection, it has been estimated that the \$15,000 home would cost the borrower something like \$38,000 before he owned it, if it or he lasted that long.

To call such proposals by the name of assistance is to debase the language; they are nothing but an invitation to folly. Unfortunately that approach is typical of the whole bill.

For what is the broad housing problem this bill is supposed to remedy? Certainly this country is not up against a general housing shortage requiring the slambang measures of desperation in this catchall bill. There is increasing evidence that housing is catching up with demand; in some places, plain evidence of overbuilding and excessive speculation. Into this market the Government proposes to pour new billions for everything from public housing to farm and college housing. The one clearly discernible effect would be massive new inflation of a market in no need of stimulus.

And what is the fiscal background against which these huge new expenditures must be viewed? It is that of a Government increasing its spending for all conceivable domestic, military, and foreign programs, of a Government plunging ever deeper into deficits and debt. Even if the housing bill were otherwise desirable, it would not do in such circumstances. As the House committee minority puts it, the "overriding issue in this housing bill * * * is the issue of fiscal responsibility. The bill contains excessive budget spending authorizations. The bill contains unsound and unnecessary provisions."

We are not sure it is still possible to hope that some wisdom will be instilled into this measure. But, as it is, the country ought to know that the administration and Congress are heedlessly slapping together a house without foundation.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. KILBURN. I yield.

Mr. MULTER. The gentleman from New York is always very fair, and I am sure he would not want an unfair implication in the RECORD from what he said with reference to a statement made by the gentleman from Alabama. I am sure that what the gentleman from Alabama was referring to in that conversation was the news items of the Wall Street Journal. At the same time the gentleman from Alabama also said that he wished its editorial policy was as good as its newsgathering facilities.

Mr. KILBURN. I think they are better.

(Mr. JOELSON asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. JOELSON. Mr. Chairman, I rise in support of H.R. 6028, and to speak particularly in favor of that portion of the bill dealing with urban development and renewal.

The new frontiers in America lie not in the open prairies, but in the centers of our teeming and deteriorating cities.

If we are to preserve much that is great in our American democracy, we must now declare war on our festering slums. We have several weeks ago extended a Federal highway program costing billions of dollars, but what profit is there in building shining highways from slum to sordid slum.

Go through the heart of almost any large American city, and you will find appalling slums and choked streets. You will see habitations which breed despair and lawlessness in their inhabitants. You will see vacant stores and antiquated factory buildings. In short, you will see conditions which give aid and comfort to our enemies who would bury us.

For our national hope, pride, health, crime prevention, commerce, and for the continuation of our faith in our democracy to solve its own problems, I implore upon you the passage of this vitally needed legislation.

(Mr. GILBERT asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. GILBERT. Mr. Chairman, I appreciate the opportunity to speak in favor of the administration housing bill of 1961—H.R. 6028—and to urge its passage. I agree with President Kennedy that it is our responsibility to remold our cities, to improve our patterns of community development, and to provide for the housing needs of all segments of our population.

The housing shortage remains acute, and is one of the most crucial problems requiring our attention—14 million American families currently live in substandard dwellings; we are told that another 39 million families must be protected from the encroachment of blight and slums. These millions look to us

for rescue from their sad plight; everyone is entitled to decent housing.

I represent the 23d District of New York, the Bronx, and I receive many requests, daily, from my constituents, who describe the intolerable housing conditions under which they exist and ask my help in securing decent housing. The unfreezing of the 100,000 units of public housing left in the original 1949 housing authorization would provide a substantial stimulant for the low-rent program which has been sadly neglected during these past years. Such construction must proceed to enable us to go forward with slum-clearance operations and to rehouse those displaced by such operations.

Although we have tried to meet the needs of the ill-housed among our low-income families, we have seriously neglected another segment of our population—those in the moderate-income bracket who earn too much to entitle them to public housing and yet cannot afford privately built, nonassisted housing. I am, therefore, pleased with the broadened FHA section 221 program which provides for 40-year, no-down-payment mortgages for housing for low- and moderate-income and displaced families. Although it has been termed a "2-year experiment" so far as others than displaced families are concerned, it is a new and important approach to the housing problem of the moderate-income group. This group is comprised mainly of young factory and white-collar workers who are entitled to have homes of their own and suitable places in which to rear their families. Although it is contemplated that this new approach will be revised and adjusted as experience is gathered, it is certainly worth trying and it is hoped that the experiment will prove successful.

The new program of low-interest FHA-insured loans for rental and cooperative housing projects will be a great boon to those now forced by circumstances into substandard housing and declining neighborhoods.

The provisions of the bill which would help the elderly with their housing problems are sorely needed; there is a great shortage of suitable housing for our older citizens and they look to us for this assistance.

It has been emphasized that a workable program of rehabilitation is vitally important if cities are to deal effectively with the spread of blight. The assistance provided in this bill is a step forward in this direction.

Other important provisions of the bill provide for a 4-year \$2.5 billion authorization of funds for slum clearance and urban renewal. Other factors, as well as bad housing, must be considered; a long-range program is the most necessary and satisfactory. Under this bill, cities can look forward to receiving funds over a period of years and proceed with their renewal programs on an effective basis.

The larger cities of our country are particularly in need of help to combat increasing problems of blight and growth. Although real progress has been made in recent years, there is much evidence to indicate that new slums are growing even faster than old ones are

being eliminated. To outdistance the spread of blight and to carry out an effective program of urban renewal and economic growth, our cities must have Federal assistance; they cannot manage to carry out comprehensive proposals regarding renewal projects without adequate Federal funds.

As the President pointed out, we must continue to clear and redevelop slum areas only where suitable housing is elsewhere available for occupants of these areas who can be humanely and fairly relocated.

Also, small businessmen in clearance areas deserve more consideration than they have had in the past. The provision which would permit payment of full moving expenses for business firms displaced by urban renewal and which makes such firms eligible for liberal loans through the Small Business Administration would assure the small businessmen the help they need.

All the provisions of the bill covering assistance in the categories specified therein, merit our favorable consideration and are important to the well-being of our people.

Positive action must be taken in all areas to help cities recover their economic stability, improve transportation systems, attract middle and upper income residents and business. We can look for great improvement with the help provided by this bill.

Tremendous benefits will accrue to our important construction industry and to related industries and services, as programs provided by this bill are carried out. There will be a great increase in employment of construction workers and others whose services are required by the housing industry. All this will, in turn, act as a stimulant to our Nation's economy.

I am pleased to support this bill which provides so many long-needed benefits; which will help our poorly housed people, and which will rescue our cities from permanent deterioration and give them incentive and help along the positive approaches of urban renewal, rehabilitation, and renewed economic growth.

(Mr. VANIK asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. VANIK. Mr. Chairman, I take this time to commend the chairman of the Subcommittee on Housing, the distinguished gentleman from Alabama [Mr. RAINS] on his excellent and thorough analysis of the bill which is before us today. His comprehensive and concise explanation reveals his deep understanding of America's housing problems. I was privileged to attend many hearings of the Subcommittee on Housing and appreciate the care with which the subcommittee studied every item in this bill.

The \$2 billion in urban renewal grant funds to be spent in a period of over 4 years is urgently needed to carry out a rebuilding of our cities which has just commenced. In my city of Cleveland as well as in the other large cities of America, it would be tragic to see urban renewal suspended at the very moment results are beginning to be apparent. Unless these programs can be carried

through to ultimate completion, our cities will face the tragic circumstances of a half cure for the fatal urban cancers of slum and blight.

By increasing the Federal national mortgage assistance authorization, this legislation seeks to create an adequate secondary market for mortgages thereby causing a downward pressure on interest rates to the advantage of every home-buyer.

The sections reducing downpayments to 3 percent and extending repayment on a 35-year basis for moderate income families should enable countless thousands to enjoy homeownership. The offering of adequate housing to this important segment should indeed reduce the demands for public housing facilities. The housing of moderate income families in their own homes is the superior way to meet this need. These provisions also serve to meet the tremendous housing needs of America's minority groups. These groups constitute a tremendous underdeveloped market for better and more adequate housing. It is my hope that every community will contribute by reserving adequate and suitable land areas for such housing development.

The success of the college housing program is self-evident. Federal participation in this area is approved without challenge. Almost every college campus in America boasts housing facilities built under this program. If we are to adequately prepare for the growth in the college population which is expected to double and total 8 million young people by 1970, this program needs every dollar authorized by this bill and more.

The Housing Act of 1961, in every respect, constitutes a proud step forward in fulfilling the housing needs of America. In the housing of its people and in helping its citizens house themselves, America dramatically leads the entire world. We must not yield or relax in our effort to continue our leadership and superiority. We must not relax until every American family can claim a chance at decent shelter.

Mr. RAINS. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. MULTER].

(Mr. MULTER asked and was given permission to revise and extend his remarks).

Mr. MULTER. Mr. Chairman, after the very able and brilliant analysis of the bill made by our distinguished colleague from Alabama, the chairman of the subcommittee [Mr. RAINS] I doubt that I can add very much to what has already been said in explanation of the bill.

My service on the Banking and Currency Committee began in 1947. During that time I have seen many housing bills presented—some by Republicans, some by Democrats—I cannot recall a bill that was as carefully considered in subcommittee and in full committee or that could be expected to do as fine a job as we hope this bill will do. In at least one part of the program that is presented, we are venturing into some new fields, but only by venturing into these new fields and experimenting in

them can we make progress in this very important field of shelter for the American people.

I think there is no program that has done more to save this country from socialism and communism than the housing programs in which we have engaged over the course of the years past. Nothing has done more to bring us progress and prosperity and keep it here than the housing programs.

Housing is by all means the backbone of the American economy, because in this country we look upon the four walls that make a house as a home only after it is completed, furnished, and moved into by its American occupants. Housing touches every sphere of our economy.

A house without the furniture and furnishings that go into it cannot be a home. Thus we stimulate not only the housing industry but every field of industry in the country.

When the housing industry prospers the whole country prospers.

It has been said time and time again on the floor of this House that unless we build at least 1,400,000 new family units each year we cannot possibly catch up with the requirements of the people of the country for decent living as we know it and as we demand in accordance with American standards. Yet for many years now we have been building many less than that number. Some years we have hardly reached 1,200,000 new units per year. Under this program we hope we can begin to catch up, and if we can reach that annual figure of 1,400,000 family units a year maybe in 10 years every American will have a decent home in which to live, whether it be a rented house or one that he can afford to buy.

Under the provisions of this bill, as I said, there will be an experimental housing program. If it does not work out, we will backtrack and be the first to admit it is not working. We can stop it before it goes too far, and go back to the old tried and traditional methods, following along that path until we can find a better way.

It has already been emphasized that the so-called 40-year program is only a loan guaranty program. All we are going to do is insure the loan. Under this bill the borrower will still have to find a willing lender. Nothing under this bill requires any lender or lending institution, bank, savings and loan, pension fund, or investment company to lend a single dollar on that or any other program that is insured under FHA or under any of the Housing and Home Finance Agency programs. The willing lender must first approve the project, approve the borrower, approve the builder, and all of the specifications, then the loan is made. If it meets the specifications of this bill as it will be enacted, then only do they get the insurance. Only after default will there be any requirement on the part of the U.S. Government to make good under the insurance program.

If we may judge from past experience, we know that the premiums which will be paid for the insurance to be obtained under these programs will be sufficient

to build up a fund that will be more than big enough, more than large enough to meet any and all losses that may be sustained. The amounts received thus far under all of these programs, as has already been indicated to you, are far in excess of any losses that we have been called upon to pay. So far as you can figure these things actuarially, every economist, every investment banker, every banker who has ever looked at the program, will tell you we are building up and have built up a fund large enough to make good any possible defaults.

I might offer this information for the benefit of those who were not on the floor earlier. In the bill as it passed the other body there is a provision for mass transportation. There is none in this bill. There is none because the committee heard no evidence on the subject, and no amendments to effect that purpose were offered either in the subcommittee or in the full committee.

However, the administration bill has been introduced today. It is H.R. 7787. Hearings have been set to begin next Tuesday and hearings on the mass transportation bills will start that day and continue daily thereafter, Tuesday, Wednesday, Thursday of next week. If we cannot finish the hearings in those 3 days they will continue the following week until completed. We then hope to bring to the House a mass transportation bill that will at least get us started with this important program. Without it all of our efforts and all of the work we are doing in the urban areas of the country will come to naught so far as housing is concerned. Without an overall plan that takes into account not only the housing needs but the transportation needs of each community we are not going to do the full job that needs doing so badly.

Mr. AVERY. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Kansas.

Mr. AVERY. I was just about to get to that point in my remarks during the debate on the rule, but my time ran out. I wanted to ask the gentleman, can we interpret that there will be no effort to amend this bill to include the transportation provision?

Mr. MULTER. I would express the hope that there will be none. I cannot prevent any Member from doing it, but I urge every Member please not to do it until we have completed these hearings. There is a provision calling for mass transportation lending and grants in the bill passed by the other body. The House committees have not yet considered that matter. We have had no hearings on it as yet, and we would be unable to properly legislate on the floor of this House on so important a problem, I hope the amendment will not be offered until the hearings that deal with the subject are closed, or at least until they are well underway and we have the story presented in part if not completely. Of course, we will be all through with this housing bill before those hearings are closed. If we can, as the result of those hearings, come up with some construc-

tive legislation, I would prefer to see it come to the floor of the House after the hearings have been concluded.

Mr. MEADER. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and three Members are present, a quorum.

Mr. McDONOUGH. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman and Members of the Committee, I do not want to repeat what the chairman of the committee has had to say concerning this bill, but I do want to observe that he has softened his attitude concerning the bill considerably by proposing to amend title I to provide for 35 years instead of 40 and for a 3 percent downpayment instead of no-downpayment. Now, this must have occurred since the subcommittee adjourned, because during the subcommittee's deliberations an amendment was offered and it was voted down very vigorously by the Democrat Members of the committee. The efforts that my colleague, the gentleman from Alabama [Mr. RAINS] made to convince you that there was very little spending in this bill were very extensive, and every attempt was made to convince you that it was an economic measure. Now, you heard the gentleman from Virginia [Mr. SMITH] this morning comment on the bill. And, he has been around here a long time and he does not juggle figures. He said he could not derive how much money was involved in the bill before the Committee on Rules.

But he did conclude that it was certainly more than the amount that the chairman of the committee [Mr. RAINS] offered, some \$4.6 billion, and the figures I have before me show that there are grants amounting to \$5,284 million and loans amounting to \$3,676 million, making a total of \$9.51 billion. This includes the obligation which the Federal Government will assume in annual payments to the proposed 100,000 public housing units that are in the bill over a 40-year period.

The most serious objection I have to this bill is that we do not need a housing bill for 4 years. We have never heretofore passed legislation of this kind for a period of 4 years. We are committing subsequent Congresses to abide by the terms of this bill unless, of course, and they have the authority to amend, but we would be obligating them at least, and we would be giving the agencies that make certain commitments under the terms of this bill an opportunity to exercise those commitments and obligate the Government in less than 4 years' time. We are also removing the responsibility of the Congress from acting on the housing legislation for another 4 years, and we are gradually developing a pattern here, or we are moving into the action very rapidly, that the Congress is no longer necessary; that all we have to do is act upon long-term legislation.

We have a proposal before us coming up on a long-term foreign aid program. We have heard in this last week that there are efforts to be made to give the

President of the United States the right to adjust the tax rates of the Nation on income tax. Here we have a housing bill for 4 years, and we have bills coming in from the Agriculture Committee that will give long-term authority to the Secretary of Agriculture.

My principal objection is to the length of time, and I want it thoroughly understood insofar as my activity on the housing bill and my knowledge of the needs which stimulate the economy of this country, is that if we need any stimulant to the housing industry of this country we should keep our finger on it rather than giving authority extending over a period of 4 years.

I have previously opposed the public housing section of the bill and I oppose this one for the same reason. I am not alone in my opposition in that insofar as Members of the House are concerned, as well as mayors of the various cities and city councils, as well as the people of the various cities of the United States, it is becoming very unpopular to the extent that some 90 cities have passed referendums to prevent public housing units to be built in their areas. So, to take care of the unpopularity of public housing, along comes a proposal in this bill for low-interest rate, 40-year mortgages for multiple housing, for low rent for people who would ordinarily occupy public housing units.

Some of the programs which this bill authorizes are these:

The public housing units of 100,000 are one-sixth as many units as we have authorized in the previous 24 years that public housing has been in effect.

The urban renewal authorization of \$2 billion is as much as has been authorized in the previous 12 years under the urban renewal program.

The college housing section, which provides for \$1,200 million, is 70 percent of the total authorized in the previous 11 years.

I notice that the other day the gentleman from Alabama [Mr. RAINS] inserted in the RECORD a statement indicating the various colleges in the United States that have asked for aid in college housing. The total was \$42 million this year. This bill is asking for \$1,200 million.

The community facilities authorization of \$500 million is 10 times the amount the administration, asked for in the bill that came to the Congress, and it is more than 3 times the amount authorized in the previous 5 years of this program.

The elderly housing of \$100 million is double the amount allowed in 1959.

The grants for land purchases, which is a totally new program for parks, recreation areas, and greenbelts, or buffer areas to prevent urban sprawl, as the bill designates it, is \$100 million. It is an area into which we have not yet ventured. There are a lot of complications as to whether or not this could be implemented because of the laws of the various States, counties, and cities that may attempt to use this, because this would proceed on the basis of condemnation, it would put land into an indefinite use for an indefinite period of time. Nobody could use that land without the author-

ity of the Housing Administration, and if an area is used, the city must find a way to replace the amount of land that is taken out of the greenbelt and make a permanent greenbelt around the area.

Insofar as parks and recreation areas are concerned, the bill provides for parks and recreation areas in urban renewal areas. I maintain that if cities and counties find it necessary to annex areas for recreation purposes, they should do it on their own responsibility, and that this \$100 million is only a beginning of the billions of dollars that we can use to promote this kind of development.

The gentleman from Alabama [Mr. RAINS] says there is a great demand for housing for the low-income group, with incomes of \$4,000 to \$6,000, that that market must be provided for such people to buy houses. I read here from the U.S. News & World Report of June 26, containing a survey of the principal areas of the United States as to the demand for home buying. In Dallas they say there is no hurry to buy there, that they had quite a time working off the surplus houses that were built. Reports from Boston, Chicago, San Francisco, Atlanta, and Kansas City, Kans., tell of a sluggish market. A builder in Kansas City said it is very disappointing. He thought he could dispose of 100 houses this year and says he will do well to get rid of 70 houses.

I have another statement that came to my desk last week from the Administrator of Federal Housing, Mr. Hardy. He tells about the vacancy factor in FHA-insured housing units throughout the country. The average is 5.4, but the startling thing is that in cities such as Jacksonville, Fla., Tampa, Fla., and Springfield, Ill., the percentage is over 15 percent of vacancies; in Grand Rapids, Mich., it is 13.2; in Cincinnati, 17.9; in Little Rock, Ark., 12.6; and in New Orleans, La., 28.5—vacancies in FHA-insured rental units.

Those are vacancies in FHA insured rental units. This means that if those vacancies continue, we are going to have these mortgages on our hands. Now where is this demand for the housing? Where is this demand coming from—that these kind of houses be built? I have been waiting for my mail to come in asking for this kind of legislation. As much publicity as we have had on this bill, I have had practically no demand for this kind of legislation. I have had contrary letters—yes—criticisms and opposition to the passage of this kind of legislation. In the President's own words in his message to the Congress on the 25th of May he said, and I quote:

Moreover, if the budget deficit now increased by the needs of our security is to be held within manageable proportions—if we are to preserve our fiscal integrity and world confidence in the dollar—it will be necessary to hold tightly to prudent fiscal standards; and I must request the cooperation of the Congress in this regard—to refrain from adding funds to programs, desirable as they may be, to the budget.

The President is asking us to be prudent in the expenditures of Federal funds, and here we come along with a 4-year housing bill where many of the

funds and grants and loans could be committed within 6 months or, certainly, within a year after the bill is passed, and then we would find we are short of money to carry out the program on a broader basis. I will offer at the appropriate time a substitute bill, a substitute to provide for the requirements of all of the workable programs that are now operating with ample funds to carry them on for another year.

I may say that when the chairman of the subcommittee on housing comes here and offers something to almost everyone in every congressional district, he has a great advantage over any proposal that I may make. But, nevertheless, I am appealing to fiscal responsibility, to your conscientious responsibility as Members of the Congress to judge whether it is wise to commit the Government after the President of the United States, who certainly cannot be considered to be too conservative in his attitudes on Government spending, as I say, as the President of the United States has made the statement, and you heard it if you were here on the 25th of May to be prudent and to discourage the Congress from enacting any legislation as desirable as it may be, if it affects the value of the dollar. Here we are approaching a period within the next week or so to adjust the national debt. There, certainly, ought to be some time when we can stop and think. When is this going to stop? How much further can we go? The Secretary of the Treasury says that next year we are going to have a boom year and a reduction in taxes. Well, I cannot see how you are going to reduce taxes, if you are going to obligate yourself for some \$9 billion in loans and grants for this expansive and expensive visionary housing bill.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BOW. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Eighty-two Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll and the following Members failed to answer to their names:

[Roll No. 92]

Barrett	Harris	Powell
Blich	Hechler	Rivers, Alaska
Boland	Holifield	Roberts
Bonner	Hosmer	Rogers, Tex.
Buckley	Kearns	Roosevelt
Burke, Ky.	Kilburn	Slack
Casey	Kilgore	Smith, Miss.
Cederberg	Kirwan	Staggers
Celler	Kruczynski	Steed
Coad	Laird	Teague, Tex.
Dawson	Machrowicz	Thomas
Fallon	Mack	Thompson, Tex.
Findley	Magnuson	Van Pelt
Flynt	Morrow	Vinson
Forrester	Norrell	Walter
Grant	O'Neill	Winstead
Gray	Ostertag	Wright
Green, Oreg.	Poage	Young

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. Boggs, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 6028, and finding itself without a quorum, he had directed the roll to be

called, when 379 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. RAINS. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. ADDONIZIO].

Mr. ADDONIZIO. Mr. Chairman, I believe that the bill now before us, H.R. 6028, is the finest piece of housing legislation we have had in my 13 years as a Member of the Congress. It is a well-balanced, comprehensive bill that will enable us to attack the full range of our problems in housing and urban affairs. It contains many of the ideas which have been advanced in past years by the Subcommittee on Housing, of which I am an original member, and it embodies all of the major recommendations of the Kennedy administration.

This bill demonstrates the benefits of a forward looking administration working together with the Congress toward the goal of improving housing conditions and making our cities better places in which to live. All too often in past years we have been confronted with opposition from an administration which considered housing legislation as nothing better than a necessary evil to be kept to a minimum. Now at last those of us in Congress who are determined to see progress made toward our national goal of a decent home in a suitable environment for every American family can work in confidence that we will have the cooperation of an administration which believes in the same ideals. The legislative proposals of the administration which are contained in this bill is clear evidence of this.

Not only will this bill mark an important forward step in the effort to improve housing conditions, it will also take advantage of the homebuilding industry's special potential for creating jobs and giving a boost to the economy. Repeatedly in the past, new construction has proven its special value in combating unemployment. While the business outlook has brightened in recent years we are still far from achieving our all important domestic goal of prosperity and full employment. The encouragement that the provisions of this legislation would give to homebuilding would create jobs not just in that industry alone, but in the many firms located in every part of the country who depend on new housing to maintain sales and employment. These two reasons—better housing and more employment—make this one of the most important bills that will be considered by the Congress at this session.

Mr. Chairman, I recognize that this is a long and complicated bill covering all of our housing program. The chairman of the Housing Subcommittee has already presented a review of the bill title by title and I do not intend to go into every detail. However, I do want to emphasize several provisions which I feel are of fundamental importance.

First, the bill would authorize the construction of approximately 100,000 low-rent housing units for families of lowest income. For many of these people this

program is their only hope of obtaining decent housing. No one can dispute that the large proportion of the millions of unfortunate families now living in slums cannot afford decent private housing. Without low-rent public housing, their housing problem—which is our housing problem—is hopeless. Either we condemn these American families to a perpetual life in the slums, attended by the social disorders that slums produce or we must continue and expand our low-rent public housing program. It is as simple as that.

I have long fought for the low-rent public housing program. I have done so because, clearly, it was the only means of providing housing for a large segment of our population. Moreover, all the facts available to us through these years prove, incontestably, that we can never rid ourselves of the slums which scourge our cities unless we have a means of providing decent housing for the hundreds of thousands of very low-income families inevitably displaced by the slum-clearance programs.

Another provision of the bill which is of key importance in our efforts to make our cities better places in which to live is the additional authorization for Federal grants for the urban renewal program. Since it was created in 1949, the direct attack on city blight made possible by this measure has proven to be one of the most helpful actions for our urban population that the Federal Government has ever undertaken. So far 900 projects in nearly 500 communities of all sizes have been started to wipe out some of the worst slum areas in our country. Unfortunately, all of the funds authorized for that program have been exhausted and a backlog of \$400 million in pending applications has built up.

The pace is rapidly increasing, and this administration is committed to a greatly expanded and stepped-up urban renewal program, looking, as the President has said, toward newer and brighter urban areas. For this program the House bill proposed an additional authorization of \$2 billion to cover the next 4 years averaging approximately twice as much per year as in previous periods—making it possible for towns and cities to plan more effectively, in terms of a total job; to eliminate slowdowns and close the time lapse between planning and construction of urgently needed projects.

The urban renewal title of the bill contains one provision in which I take particular pride because it is something for which I have fought constantly. This is the section that would increase the proportion of urban renewal funds which could be used to improve blighted business districts from 20 to 30 percent. While the primary purpose of the urban renewal program is still the elimination of substandard housing, there has been a growing awareness of the need to overcome the problem of rundown business districts as well. These nonresidential projects have a special value to those who have responsibility for a city's financial affairs. Experience has proven that every kind of urban renewal project strengthens the city financially. Slums

always mean a drain on the city because they require more public services than they return in taxes. Rebuilding those areas inevitably changes them to community assets. This is particularly true in nonresidential projects and the result is that local government is thereby better able to meet its responsibilities toward its citizens without raising tax rates to crushing levels.

Mr. Chairman, the bill now before us also faces up squarely to the housing problems of families of modest incomes—those who earn somewhat too much for public housing and yet who cannot afford really adequate housing, on the regular private market.

First of all, the bill would authorize FHA-insured low-interest rate loans, with a long term—probably 50 years—to nonprofit and limited dividend corporations, cooperatives, and certain public agencies to provide multifamily housing for families of modest income. The interest rate on these loans would be set by the FHA Commissioner and could be as low as 3½ percent at present. He could also name the FHA insurance premium to reduce financing charges further. This will mean a savings of as much as \$20 a month compared to housing financed at the usual interest rates. Since private lenders will not be interested in these loans, the bill authorizes the Federal National Mortgage Association to purchase them under its special assistance fund.

Another provision of the bill would make homeownership possible for many families of modest incomes. This would be done by extending the present FHA sales housing program for displaced families to lower priced housing generally. This would allow no downpayment loans with terms up to 40 years on homes selling for up to \$15,000 in high cost areas. These liberal terms will enable many families to become homeowners and to have decent housing for no more than the rent they pay now on housing which may be rundown or overcrowded.

A particularly valuable addition to housing legislation would be made by the new program of FHA-insured financing for home improvement. It would be extremely shortsighted if we did not make some provision for maintaining and improving the value of the 50 million homes now in existence. Anything that can be done now to help property owners fix up this housing will improve housing conditions and save us money in the long run. In fact, back in 1956, our Housing Subcommittee recommended just such assistance as the result of intensive field studies. Therefore I am particularly pleased that we will now have an opportunity to try this plan out in action. Under the terms of the bill this will take the form of FHA-insured rehabilitation loans up to \$10,000 per dwelling unit and with terms up to 20 years. The maximum interest rate on these loans would be 6 percent. This financing could be in addition to any existing first mortgage loan on the property. The FHA Commissioner would be given discretion in the type of security he required which might be a second mortgage for the larger long-term loans or it could be a

simple personal note in other cases. These terms will for the first time enable families to make substantial improvements to their homes at monthly payments which the family budget can stand.

Another provision of the bill would expand and liberalize the program of direct Federal loans for housing for the elderly. It would authorize an additional \$100 million for this much-needed assistance and it would eliminate the present 2-percent equity requirement so that the loans could be made for the full amount of development cost. Also the loans, which are now made only to private, nonprofit corporations, could also be made to cooperatives under the terms of the bill. These improvements will help us meet one of our most urgent housing needs, that of providing decent places to live for our growing number of elderly citizens.

Mr. Chairman, the bill also contains a number of provisions of particular benefit to suburban areas. It would liberalize FHA's regular homeownership program—section 203—to permit lower downpayments and larger mortgage amounts and to increase the maximum term from 30 to 40 years. It would also aid the orderly, healthful growth of our suburbs through additional Federal planning grants, through grants to help communities provide parks and playgrounds and by a new program of FHA mortgage insurance for land acquisition and development.

I think this new program of Federal partial grants to help communities buy park land and recreational areas is especially praiseworthy. In many parts of our cities you have to travel for miles before you can find a park or recreational area in which our children can play and our adults can rest from their daily labors. At long last we will now have a provision which will encourage and aid communities to provide the parks and recreational areas so vitally needed by our urban population.

This is a bill which will make it possible to mount a sustained attack on our whole range of housing and urban problems. It would benefit every part of our Nation and every group in our population.

I am proud to have played a part in framing this far-reaching bill which will I am sure become a milestone in the history of housing legislation. I urge the House to approve it by an overwhelming vote.

Mr. McDONOUGH. Mr. Chairman, I yield 15 minutes to the gentleman from New Jersey [Mr. WIDNALL].

Mr. WIDNALL. Mr. Chairman, in approaching this bill and actually a number of the other bills that have been offered this year to the Congress, I think of an article which appeared in the New York Times on Sunday, February 12, 1961, written by James Reston which was entitled "Fables of the Times: The Lion and the Bear." I will not read the entire article, but it ended with this moral:

Ask and ye shall receive; ask not and ye shall receive anyway.

Now that is what is happening in this bill, "ask not and ye shall receive anyway." Here is a bill involving housing, and on programs of this type the gentleman from Alabama [Mr. RAINS] and I have been intimately associated with these matters over the years, and in my case since 1952, involving, whether it be the billions of dollars which he projects or the \$9 billion that, we believe, is contained in the bill. In any event the bill involves the expenditure of a great deal of money and for the first time since I have been a Member of the Congress, I have not received a letter from my district concerning this bill, either for or against. Now this is very strange. It is particularly strange that items like this I hold in my hand should be going out through the mails trying to get support for this bill from those who have a real financial stake in it and no support received. This is a money lenders bill. This is a builders bill, and there is a tremendous amount of profit contained for them in the bill. I have in my hand the Washington letter sent out by the National Association of Home Builders of the United States. It reads in part as it refers to this housing bill:

Advise your Congressman immediately by wire or personal letter of your views. The chances are he is deeply troubled by the seeming conflict in proposals upon which he must act. This must not be defeated.

Mr. Chairman, I have many, many home builders in my district. We probably have as great an impact in building and the problems of building in my area as any place in the United States. There has been a very, very rapid growth of all kinds of housing in my area, and up to this minute I have yet to hear from a single home builder in my district who supposedly is so vitally interested in this bill which is supposed to help the economy so much in order to provide housing.

We sat here in this Chamber several weeks ago and heard the President give us an urgent special message. In that message, he asked us to refrain from enlarging programs that were submitted to the Congress. Within 24 hours the House Committee on Banking and Currency enlarged this program by \$1,250 million in just two instances. I am disturbed about this because I think this is fiscal irresponsibility. I believe the President of the United States was right in asking us to refrain from enlarging programs. But, I want to know and I try to know whether or not his administration actually believed in that, as he uttered it to the Congress. Because I so seriously felt the impact of this committee action was irresponsible, I wrote two letters—one to Mr. Bell, the Director of the Bureau of the Budget, and one to the Secretary of the Treasury, Mr. Dillon. I want to read these two letters and the replies that I received. The one to Mr. Bell was sent on June 6, 1961:

JUNE 6, 1961.

HON. DAVID E. BELL,
Director, Bureau of the Budget,
Washington, D.C.

DEAR MR. BELL: As you doubtless know, the House Banking and Currency Committee in reporting the administration's housing bill, H.R. 6028 (a 57-page proposal), added some 40-odd additional provisions so that

the amended bill has now become a bill comprising 111 pages of text. Some of these changes will have very serious budget impact and increase the budget deficit. They hardly seem in keeping with the admonition of the President in his special message to the joint session of the Congress when he stated "I must request the cooperation of the Congress in this regard to refrain from adding funds to programs, desirable as they may be, to the budget."

The administration bill requested an increase of \$750 million in the FNMA Presidential Special Assistance Authority. Such an increase is provided for in section 601(a) of the bill. The committee, however, added two new provisions, found in sections 601(b) and 601(c), the effect of which is to further increase the FNMA Presidential Special Assistance Authority by an additional estimated amount of at least \$800 million, making the total increase for this Authority at least \$1.55 billion. When the Housing Administrator appeared before the subcommittee and was asked as to whether or not the proposed \$750 million increase was enough, his response was, and I quote: "We feel that \$750 million will be adequate." This appears on page 68 in the hearings. Has there been any change in the administration's position on this question? Specifically, are the increases provided for in sections 601(b) and 601(c) of the bill in accord with the program of the President?

The administration's bill requested an increase of \$50 million in the authorization for public facility loans and that was the only change proposed in that program. An amendment made by the committee to the bill as reported provided a tenfold increase in that amount, namely, \$500 million. Other liberalizing amendments to the program were adopted by the committee, the principal effects of which would be to substitute Federal financing for private municipal financing and at a subsidized lending rate when current costs of the Federal Government borrowing money on comparable maturities is taken into consideration. Is the \$500 million increase in this loan authority in place of the \$50 million increase requested in the administration bill in accord with the program of the President? Likewise, are the other liberalizing changes made by the committee amendments in accord with the program of the President?

The increased authorizations provided by committee amendments for just these two programs, namely, \$800 million in the case of FNMA and \$450 million in the case of community facilities loans, total \$1.25 billion more than administration requests and, of course, will further increase budget deficits in the amounts by which the authorizations are used.

I will greatly appreciate your answers to the questions I have raised.

Very sincerely yours,

WILLIAM B. WIDNALL,
Member of Congress.

This was the answer I received dated June 12, 1961:

JUNE 12, 1961.

Hon. WILLIAM B. WIDNALL,
House of Representatives,
Washington, D.C.

DEAR MR. WIDNALL: This will reply to your letter of June 6, 1961, concerning the administration's position on certain of the provisions of the housing bill, H.R. 6028, as recently reported by the House Banking and Currency Committee.

The housing message of the President and the testimony of administration witnesses before the Banking and Currency Committees of both Houses have set out in some detail the position of the administration on various aspects of housing legislation. If further analysis of H.R. 6028 indicates the need to modify or expand the

position already presented to the Congress, we will inform you at the earliest possible date.

Sincerely yours,

ELMER B. STAATS,
Deputy Director.

That, of course, was no answer to the questions that were posed.

Now I read a letter to the Secretary of the Treasury dated June 6, 1961:

JUNE 6, 1961.

Hon. DOUGLAS DILLON,
Secretary of the Treasury,
Washington, D.C.

DEAR MR. SECRETARY: It seems to me that several provisions of the housing bill, aside from the huge spending authorizations, should be of interest to the Treasury Department. I think it is most unfortunate that the subcommittee did not call for testimony from Treasury Department officials.

The bill would make a fundamental change in the manner in which FHA settles insurance claims arising from particular programs. As you know, the FHA from inception has settled mortgage insurance claims by payment in debentures and a certificate of claim rather than by a cash settlement. The existing debenture settlement method permits the FHA to weather a severe economic upset and hold acquired properties off the market until the economy again enters the recovery stage of the business cycle when liquidation can proceed in an orderly manner.

To my way of thinking, this is a very basic element of strength in the soundness of the FHA setup.

This bill, in sections 101, 102, 103, and 612, would permit FHA insurance claims, at the discretion of the Commissioner, to be settled by a cash payment rather than by payment in debenture and certificate of claim. In effect, the lender is permitted to receive the mortgage rate of interest return with a 100-percent Government cash takeout the moment trouble occurs. For the long-term investor that is simply buying Government credit with a bonus interest rate about 1½ percent over the Government bond rate. Potentially, it could prove disruptive to Federal bond financing quite aside from the Federal demand obligation created. I would appreciate having your views on these proposed changes. It seems to me that if cash settlement is to be permitted at all, and I do not think it should be, it would be desirable that approval of the Secretary of the Treasury be required as well as the approval of the Commissioner.

Amendments made by the committee, but not in the administration bill, would alter the character of the public facilities loan program with such loans to be made under an interest rate formula which presently works out to a rate of 3½ percent. I think it is conservative to estimate between \$3 and \$4 billion of municipal financing which is done each year would be eligible under the new program and would be attracted to the new program because the Federal lending rate would be slightly under the market rate available in the private market. In other words, once communities became aware of the submarket Federal rate, they would simply shift from private financing to Federal financing and the \$500 million authorization would be quickly exhausted as it amounts to only about 2 months of financing by municipalities in the private market.

Another program added by amendment would permit the Small Business Administration to make 20-year loans at a 3-percent interest rate to small business concerns displaced by an urban renewal project or other governmental action.

Sight seems to be lost of the fact that in a period of budget deficits, the Federal Government must go into the market and borrow the funds with which to honor Federal

commitments under these programs. Assuming the Federal Government were to borrow from \$500 million to \$1 billion, please give me an estimate as to the price at which a 3-percent Federal issue could be sold in the market today assuming maturities of (a) 15 years, (b) 20 years, (c) 25 years, (d) 30 years, (e) 40 years, (f) 50 years. Again, assuming an issue between \$500 million and \$1 billion but with a 3½-percent coupon rate, what would be the prices at which the issue could be sold under the same maturities specified in the preceding sentence?

As you can well understand, it is necessary to have some estimate of the cost of long-term money to the Government under current conditions to get some idea as to the subsidy involved in these programs.

Sincerely yours,

WILLIAM B. WIDNALL,
Member of Congress.

Here is the answer from the Treasury Department:

JUNE 16, 1961.

Hon. WILLIAM B. WIDNALL,
House of Representatives,
House Office Building,
Washington, D.C.

DEAR MR. WIDNALL: Secretary Dillon has asked that I reply to your letter of June 6 outlining a number of questions concerning financing arrangements embodied in the housing bill H.R. 6028. I have discussed this matter with representatives of the Bureau of the Budget and have learned that the Bureau has already replied to a similar letter which you directed to that agency. I have seen that reply. The Treasury Department, of course, agrees with the Bureau of the Budget which is charged with the responsibility of coordinating the administration's position on all pending legislation.

Sincerely yours,

ROBERT V. ROOSA,
Under Secretary.

Please read the RECORD tomorrow which will show these two answers. Is an iron curtain being drawn around the activities of the Government, so that the American people cannot learn the true budget impact of administration proposals? The Department immediately responsible under the Kennedy administration has refused to answer questions that are vital if we are to understand the full import of this legislation.

I have also written a letter to President Kennedy, to which I have not received a response, in which I have called his attention to the unresponsive answers to the questions asked in my two letters. That letter follows:

JUNE 19, 1961.

Hon. JOHN F. KENNEDY,
The President,
The White House, Washington, D.C.

DEAR MR. PRESIDENT: Under date of June 6, 1961, I addressed letters to the Director of the Bureau of the Budget and to the Secretary of the Treasury with reference to certain aspects of the housing bill. Copies of these letters together with the replies thereto are enclosed.

I find these replies inexcusably unresponsive.

Am I to infer that it is the policy of the Bureau of the Budget to take no position on changes the Congress may care to make in administration legislative proposals? Likewise, am I to infer that the Treasury Department will not verify the fact that in today's market it could not sell a 20-year 3-percent Government security for a price as much as 88 cents on the dollar?

Very sincerely yours,

WILLIAM B. WIDNALL,
Member of Congress.

Since that time I have received, delivered by hand and without any reference, from the Treasury Department a slip of paper that is not identified in any way except it says "Debt Analysis June 13, 1961."

It states:

On the basis of current market yields (June 6, 1961) on outstanding Government securities, the prices on various maturities at coupon rates of 3 percent and 3½ percent would be the following:

Price of bond

Maturity	3 percent	3½ percent
15 years.....	89¾	95½
20 years.....	87¾	94¾
25 years.....	86¼	94¼
30 years.....	84¾	93¾
40 years.....	82½	92¾
50 years.....	81	92

NOTE.—Since the Treasury has no bonds maturing beyond 37½ years, the market rate on the longest bond outstanding has been assumed as the yield for the 40- and 50-year bonds.

It should be emphasized that these are only possible prices under current market conditions. The actual prices on a new offering by the Treasury would probably be considerably lower, especially in the longer maturities, in view of the thinness of the market in those areas. In any maturity beyond 15 or 20 years, \$500 million to \$1 billion additional supply of new bonds would probably have an appreciable market impact.

I hope Members will pay particular attention to the table showing the prices at which long-term Treasury bonds with 3 percent and 3½ percent coupons would sell in today's market. For instance, if the Governor in making the 20-year 3-percent loan to small business concerns displaced by urban renewal action, it would cost the Government a 12-percent discount to borrow 20-year money at 3 percent. Likewise for the Government to make a 50-year community facility loan—and they can be that long—at the 3½ percent interest rate, the Government would suffer a discount of 8 percent on each dollar borrowed to make such a loan because the table shows a 50-year, 3½-percent Government bond in today's market only sells at a price of 92 cents on the dollar.

There has been some talk about public housing. I would like to mention one section of this bill that no one has touched on, section 206(c) on page 97 of the bill, and I think it is important to touch upon it. Under existing law, at the end of the 40-year period during which the Federal Government has the responsibility to make the principal and interest payments on the debentures that were issued in order to build the public housing project, the Federal Government is supposed to start getting some of its money back; some of the hundreds of millions of dollars that have been paid out. In this bill that section is repealed so that the Federal Government cannot possibly get any money back. If the existing law remained in effect, as it should, we could be getting back a reasonable amount 15 or 20 years from now when some of these projects can start to pay off. And, I see no reason at all why

there should be this windfall to the local municipalities or to the local housing authority.

The gentleman from California [Mr. McDONOUGH], has covered very well many sections of the bill. When we reach debate under the 5-minute rule I will take up other sections also as we approach them in the bill. This is a vast spending program, embarking on many new functions that I believe require far more study before the Federal Government starts with an entering wedge of \$100 million here, \$50 million there, \$500 million there to develop projects that can mean billions and billions of dollars more spending and more and more taxes on the taxpayers back home. It is about time that I believe those in business, those in labor, those of us in politics should assume a far more responsible attitude toward the Government if we are to maintain our leadership of the free world. We cannot afford to play politics as usual in the critical world in which we live. We cannot afford to continue that tragic way of thinking, that writing out or using a blank check will cure everything that might be wrong here in the United States.

There must be priorities and we must measure up to our responsibility in determining those priorities and meeting the urgent needs of the Nation, instead of starting out on some new, fanciful projects.

Today I received, as did other Members of the House of Representatives, a letter from the Investment Bankers Association of America concerning the Federal loans for community facilities under the proposed Housing Act of 1961. I am inserting that letter in the record at this point because it clearly shows the ability of small municipalities to borrow in the present market at a favorable rate and also demonstrates that the private market would be eliminated completely by the vast new community facility program. The latter point seems to be the objective of the Democratic majority as shown in the housing report at page 57 when it says:

The administration bill requested an increase of \$50 million in this authorization. The committee boosted the increase tenfold to \$500 million to provide for the enlarged demands that would be made on the program because of changes proposed in the basic character of the program. These include (1) placing the program on a subsidized, submarket interest rate basis, (2) introducing a new nonmarketable type of municipal security under which interest payments could be postponed for 10 years, (3) permitting a \$10 million loan limit per project, and (4) setting up a new business department to stimulate activity with the customers.

The letter follows:

INVESTMENT BANKERS
ASSOCIATION OF AMERICA,

June 19, 1961.

Re Federal loans for community facilities under the proposed Housing Act of 1961.
To Members of the House of Representatives,
Congress of the United States:

The proposed Housing Act of 1961 (H.R. 6028) as reported by the House Committee on Banking and Currency would authorize

\$500 million of additional funds for community facility loans at 3½ percent, although President Kennedy requested (and the housing bill passed by the Senate provides) only an additional \$50 million at interest rates in effect under the present program.

In support of the proposed \$500 million program at 3½ percent there were statements in the CONGRESSIONAL RECORD last week that the need for the program primarily exists in municipalities under 10,000 population, that the primary purpose of the program is to end the discrimination and the severe restrictions on public improvements suffered by smaller communities because of high interest rates imposed on them, that even though they may have the soundest financial standing, smaller local governments are inevitably forced to pay higher interest rates than larger jurisdictions (p. A4234, RECORD of June 12); and that construction of community facility projects in many cases are being blocked by the prohibitively high interest rates which most small communities must pay on their bonds (p. 9729, RECORD of June 15).

Since our research department keeps a record of every issue of municipal bonds for which information is available, we believe that you would like to have the facts on this matter. Bear in mind as a comparative yardstick for interest rates that on June 15, 1961 the bonds of the United States (the best credit) maturing in 1968 (7 years) were quoted to yield 3.84 percent and those maturing in 1980 (19 years) were quoted to yield 3.87 percent—so that the proposed 3½ percent loans by the Federal Government with maturities up to 40 years would be at a rate lower than the rate at which the Federal Government can borrow money for comparable maturities.

During the first 3 months of 1961 (January-March), municipalities with population under 10,000 sold 305 issues of general obligation bonds aggregating \$102,416,000 and 92.67 percent by dollar amount of these issues were sold at a net interest cost under 4 percent. But about 49.47 percent by dollar amount of this financing (over \$50 million) which was done without Federal assistance was at an interest cost above 3½ percent, which would have made it eligible unnecessarily for Federal loans under the proposed change (if the particular facility qualified).

These facts demonstrate that small municipalities are obtaining financing for public facilities at reasonable interest rates without the proposed expansion of the Federal loan program. Since the emphasis in the community facilities loan program has been in water and sewer facilities, there is attached to this letter for illustration a partial list of issues of water or sewer bonds sold by municipalities with populations under 10,000 during the first 3 months of 1961, indicating the amount, range of maturities and net interest cost. You may also find helpful information in the following facts:

1. The sales of new issues of State and municipal bonds to provide long-term financing for the construction of public facilities during the past 3 years (1958-60) aggregated over \$22 billion, and the sales of new issues of municipal bonds during the first 4 months of 1961 aggregated over \$2,795 million (which was about 7.44 percent above the volume of new issues during the same period in 1960).

2. The principal effect of the proposed expansion of the program would be simply to substitute Federal financing for financing which would otherwise be obtained from other sources. During the last 6 months of 1960 when over \$3 billion of municipal bonds were sold, over 60 percent of the bonds (over \$1,800 million which were sold in

the regular market were sold at rates which would have made them eligible for Federal loans under the program if the proposed 3½-percent rate had been in effect.

3. Federal assistance in this field is al-

ready provided in other Federal programs, including grants under the water pollution control program, and loans and grants under the Area Redevelopment Act.

Consequently, we respectfully suggest that

there is no need for the proposed expansion of the program to provide \$500 million in Federal loans at 3½ percent.

Respectfully,

GORDON L. CALVERT.

Partial list of new issues of bonds sold by municipalities with population under 10,000 for water or sewer facilities during the 1st 3 months of 1961 (January-March)

Issuer, purpose	Amount	Maturity range	Net interest cost	Issuer, purpose	Amount	Maturity range	Net interest cost
Maumee (Ohio) street and sewer.....	\$125,000	2-10	2.760	Bedford Heights (Ohio) sewer.....	\$398,000	1-20	3.650
Farmingdale (N.Y.) water system.....	150,000	1-15	2.990	West Carrollton (Ohio) sewer.....	175,000	2-21	3.680
Wappingers Falls (N.Y.) water.....	90,000	1-15	3.090	New Windsor (N.Y.) water.....	198,000	1-29	3.710
Sudbury (Mass.) Water District.....	35,000	1-15	3.130	Salem Heights (Oreg.) Water District.....	486,000	1-23	3.726
Belleair (Fla.) sewer.....	500,000	3-12	3.154	Enfield (N.C.) water.....	100,000	3-21	3.743
Golden (Colo.) water.....	270,000	1-15	3.169	Bloomfield Hills (Mich.) sewer.....	1,330,000	1-29	3.778
Radford (Va.) water and sewer.....	1,100,000	1-20	3.187	St. Helens (Oreg.) sewer.....	125,000	1-20	3.778
Westminster (Mass.) water.....	125,000	1-15	3.240	Wesson (Miss.) waterworks.....	60,000	2-21	3.802
Britt (Iowa) sewer.....	96,000	1-19	3.257	St. Joseph (La.) sewer.....	86,000	1-25	3.809
Little Rock (Iowa) Community School District.....	140,000	1-18	3.273	Seaside (Oreg.) sewer.....	271,000	1-19	3.817
Spencer (Iowa) sewer.....	350,000	1-19	3.321	Belleair (Fla.) sewer.....	750,000	2-31	3.877
Dalton (Mass.) sewer.....	695,000	1-29	3.350	Hazlehurst (Miss.) sewer.....	395,000	4-30	3.916
Oak Harbor (Ohio) sewer.....	69,000	1-20	3.370	Riverdale (N.J.) water.....	175,000	1-30	3.920
Morris (Minn.) sewage.....	340,000	2-21	3.373	Winnstoro (La.) Sewer District 1.....	275,000	2-25	3.930
Greenville (Mich.) sewage.....	300,000	1-20	3.391	De Quincy (La.) Improved Sewer District.....	157,000	2-20	3.940
North Baltimore (Ohio) sewer.....	100,000	1-19	3.450	Somerdale (N.J.) sewer.....	162,000	1-18	3.940
Perrysburg (Ohio) sewage.....	295,000	1-20	3.460	Old Town (Maine) Water District.....	800,000	1-20	3.950
Medina (N.Y.) water.....	700,000	1-29	3.480	Granite Falls (N.C.) sewer.....	50,000	1-18	3.978
Buhl (Minn.) sewage.....	112,000	2-13	3.487	Bernice (La.) sewage.....	65,000	1-20	4.010
Strasburg (Va.) sewer.....	170,000	1-20	3.528	Cookeville (Tenn.) waterworks revenue.....	600,000	6-24	4.088
Medina (Ohio) waterworks.....	150,000	2-21	3.566	Blaine (Minn.) water.....	533,000	3-21	4.141
Medina (Ohio) sewage.....	650,000	2-21	3.566	White Cloud (Mich.) sewage.....	150,000	3-29	4.168
Medina (Ohio) waterworks.....	200,000	2-21	3.566	Arden Hills (Minn.) sewer.....	400,000	1-20	4.220
Fairfax (Minn.) water and sewer.....	49,000	2-16	3.570	Fuquay Springs (N.C.) sewer.....	230,000	2-31	4.235
Liberty (N.Y.) water.....	120,000	1-27	3.630	Hugo (Minn.) waterworks improvement.....	160,000	2-20	4.322
Wells (Minn.) sewage.....	190,000	3-20	3.645				

This bill should be defeated. I urge the enactment of the substitute bill that will be offered in the House tomorrow.

Mrs. DWYER. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentlewoman from New Jersey.

Mrs. DWYER. Mr. Chairman, like so much legislation that comes before the House, the housing bill which is now before us has much in it that is good, but it also contains much that is highly questionable. I hope that the House can improve and strengthen our housing programs.

In several respects, the committee bill violates the recent request made by President Kennedy that Congress restrain itself, in the interest of fiscal responsibility, from increasing the spending requests his administration sends to Congress. As the report of the committee minority demonstrates, the majority on the committee has cut out and added to the original administration housing proposals. In doing so, they have added new spending authorizations totaling, potentially, billions of dollars over and above the President's request. The committee's authorizations for FNMA mortgage purchases, for college housing, for community facilities, and for farm housing all exceed significantly the very generous original budget request of the administration.

In my judgment, Mr. Chairman, neither the committee hearings nor any other information that has come to the attention of Congress justifies these increases.

Mr. Chairman, I speak as a friend of Government-assisted housing. As a Member of Congress and as a member of the Banking and Currency Committee, I have consistently supported sound housing legislation. By means of Federal assistance, States, local communi-

ties, and private individuals and groups have been encouraged to accept their mutual responsibilities for helping to provide decent and badly needed housing for all our people. For this reason, I think it is extremely important that Congress exercise discretion and sound judgment in framing new and revising old housing programs.

Rather than attempting to analyze this bill in detail, I should like to emphasize two or three points which seem to me to be of special importance. The first concerns our urban renewal program. Again, I speak as a friend of housing when I say that the time has come for a comprehensive congressional review of urban renewal. There is widespread concern among Members of Congress, among those experienced in the field of urban redevelopment and among private citizens generally with the way in which this valuable program has seemed to grow away from the objectives Congress originally had in mind. Instead of eliminating slums, wiping out conditions which breed crime and delinquency and restoring residential areas to levels of decency and attractiveness which would encourage community pride, urban renewal has too often been a bonanza for private developers, a creator of new slums, a destroyer of old and potentially attractive neighborhoods, and a midwife to huge and impersonal office buildings and luxury apartments.

Congress has a grave responsibility to think through these problems, to revise statutes and regulations, as experience indicates, so as to achieve more surely our basic objectives and to strengthen the understanding and cooperation of local people in their urban renewal programs.

A major part of this problem, as I have indicated, is the need to encourage greater community understanding of

and participation in urban renewal projects. I speak from the harsh experience of a proposed multimillion dollar urban renewal project, known as the Pearl Street project, in my home city of Elizabeth, N.J., when I point out that one of the major obstacles to a comprehensive community improvement program has been the failure of the planners and redevelopers and city officials to take the people into their confidence, to assure widespread understanding of the purposes of a redevelopment project sufficiently early to permit the full expression of the people's views and attitudes. Unless machinery can be developed through which the people of a community, particularly those residing in the redevelopment area, and officials in charge of redevelopment can work out their differences, then we shall be faced with more and more instances of the expensive and time-consuming delays which have plagued the Pearl Street project.

Therefore, Mr. Chairman, I look forward to the opportunity to vote in favor of an amendment to the present bill which would require the people of a community to express their approval on urban renewal projects by means of a referendum. I am familiar with the objections which have been raised against the referendum proposal, but I feel sure in specific instances thoughtful and creative local officials can overcome the obstacles of a referendum and, by so doing, further the ideals of a practicing democracy and achieve public understanding and support for urban renewal. By making local referendums mandatory, Congress will be requiring local officials to consult with their people. Because they will need the support of local voters, officials responsible for urban redevelopment will have the most effective incentive possible for assuring local cooperation by

providing the information and justification on which urban renewal is based.

In at least one major respect, Mr. Chairman, the committee bill is inferior to the housing bill passed by the Senate. There is no provision in the committee bill for a program of mass transportation loans and planning grants. I realize this is due to the fact that no hearings on such a program have been held in the House this year. As a sponsor of the mass transportation bill, the committee's failure to hold hearings has been disappointing to me. There is no more urgent national problem today than the need to free our cities and metropolitan areas from the choking conditions of modern traffic through the development of comprehensive metropolitan mass transportation systems. Just 2 months ago, the Advisory Commission on Intergovernmental Relations, which is composed of Cabinet officers, Senators, Congressmen, Governors, mayors, State legislators, county officials and private citizens, strongly endorsed the purposes and provisions of the mass transportation bill passed by the Senate and pending here in the House.

I understand that no attempt will be made during consideration of the housing bill to offer the mass transportation bill as an amendment. This can be a justifiable decision only if it is accompanied by a determination on the part of leaders of the House to initiate active consideration of the bill in time for final action during the present session of Congress. I hope that the majority leadership, the chairman of the Banking and Currency Committee, and the chairman of the Housing Subcommittee will assure us today that this, indeed, is their intention.

Finally, Mr. Chairman, I believe the pending bill could be greatly improved by devoting at least a portion of the public housing authorization to the needs of elderly families of low income. Although the bill includes an expanded authorization for the program of loans to build housing for the elderly, the loan program has failed to meet the requirements of the many low-income elderly persons. While monthly rents are somewhat lower than conventional FHA rental housing, they are still out of reach of many of our older people.

It is generally appreciated that elderly persons are among those with the lowest incomes, for whom, of course, the public housing program was intended. This fact is underlined by an administration provision in the housing bill which would reimburse local housing authorities by \$120 per unit per year in cases where the housing authority encountered financial deficits as a result of placing elderly families in their housing units.

While this provision in the bill confirms the fact that older people need special help, I am afraid the provision in practice will discourage local housing authorities from setting aside units for elderly families, since the local authorities must realize that the \$120 subsidy would, in effect, be unavailable for alternative uses in public housing.

It seems to me, therefore, that we should require that elderly persons be

given a certain priority in obtaining public housing. This is the best way to assure that the people's needs and the objectives of Congress will be met.

(Mrs. DWYER asked and was given permission to revise and extend her remarks.)

Mr. RAINS. Mr. Chairman, I yield such time as he may require to the gentleman from New Jersey [Mr. DANIELS].

(Mr. DANIELS asked and was given permission to revise and extend his remarks.)

Mr. DANIELS. Mr. Chairman, I am strongly in favor of the bill under consideration, H.R. 6028. In my view this is one of the most vital bills which come before us this year.

The crux of this legislation is title I which, for the first time, gives recognition to the plight of the low- and moderate-income family. This is the group with income too high for public housing, but too low to permit them to purchase their own homes under present downpayment requirements and monthly carrying charges.

Studies have shown that no new housing is being built today which families earning between \$4,000 and \$6,000 can afford. At the same time, decent, moderate-cost rental housing is in short supply in every major city. Title I contains a two-pronged attack on this problem by a program of 40 year, no-downpayment loans for home purchasers and by a program to encourage moderate-cost rental housing for the middle-income group who wish to rent.

There are many reasons for supporting this bill. It will provide a needed shot in the arm for the building industry, bolster the general economy, and create new job opportunities for the unemployed. But no reason is more important than the fundamental premise that decent shelter and human dignity are inseparable. It is our responsibility, as a democratic nation, to afford to each of our citizens the opportunity to secure adequate housing when the acquisition of such housing is financially beyond their reach.

There are many other meritorious features which I might mention briefly. The successful elderly housing program, initiated in 1958 on an experimental basis, will be increased by \$100 million. Increases in the public facility and college loan funds are equally welcome. And the original public housing goals, contemplated by the Housing Act of 1949, will be restored, after the regrettable slowdown in this program in recent years.

No less important, certainly, is the urban renewal authorization included in the bill. As a Congressman from a basically urban area in New Jersey, I have seen at firsthand the phenomenal progress which this program has made possible. If the authorization in this bill is approved, action will be possible upon numerous urban renewal applications from communities throughout New Jersey, including the area which I represent. Further development throughout the country depends upon our action here today.

I believe the committee is to be commended for presenting an adequate, soundly based housing program. I urge the House to approve this bill intact.

Mr. RAINS. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mrs. SULLIVAN].

(Mrs. SULLIVAN asked and was given permission to revise and extend her remarks.)

Mrs. SULLIVAN. Mr. Chairman, I have been a member of the Committee on Banking and Currency since my second term in the House, beginning in 1955, and I have served during most of these years on the Subcommittee on Housing. We have studied every possible aspect of America's housing problems, and I think this House knows the conscientious manner in which Chairman RAINS has conducted the work of our subcommittee. I am proud to serve on the subcommittee, and I am proud of the fruits of our efforts over these years.

Last year, we reported to the full committee, and the full committee reported to the House, an outstanding housing bill. We could not pass it over a certain veto, so we took it apart and enacted some portions of it—knowing all of the time that we were not giving the American people the kind of far-reaching housing legislation our country and our economy needed.

MEMBERS NEED ONLY LOOK AT NEEDS IN THEIR OWN DISTRICTS

Now we have that chance, and I hope the House will help us to make good on it. The Senate has passed a good bill. Our subcommittee and the full committee have now reported a good bill. The President stands ready to sign it, in contrast to the veto which would have been certain last year. So it is now up to the House.

Members in doubt about this legislation should ask themselves whether the people in their home districts are now able to afford, and to buy, the kind of housing they need. I know of very few areas of this country where the majority of the people who need good housing—decent housing—can readily obtain it.

This is not to say our present housing programs are a failure, or that the housing laws enacted since the FHA program went into effect 27 years ago have not accomplished their purpose. But this is not 1934, nor is it 1954. We have changed from a population composed mostly of renters into one composed largely of homeowners. And this has brought many social values all of us can understand and appreciate.

CHANGING PATTERNS IN OUR CITIES

But as our population has expanded, as our cities have grown and become horribly congested, as our urban renewal programs have wiped out vast numbers of existing homes, we have found ourselves falling behind in providing housing adequate to our needs.

Now let us get busy again, with some imaginative new programs to enable all Americans to live decently.

We must, of course, continue with the construction of some public housing to meet the needs of those at the lowest

income levels, particularly those displaced by urban renewal or other mass evacuation projects. But public housing never was and never can be the full, or the main, answer to the housing needs of our people, and no one familiar with public housing's limitations ever thought otherwise. But those who qualify for public housing can live decently.

Those at the top of the income level have no trouble finding and purchasing the kind of housing they want. Millions of such families now live exceedingly well. Their environmental needs are different—faster transportation to and from the job, including improved mass transit; more parks and open spaces; effective action against air pollution; adequate public facilities such as sewer, water supply, and other utilities. In this bill, we are doing something about some of those problems.

FINANCING PROBLEMS FOR FAMILIES OF MODERATE INCOME

But there are millions of families above the income level for public housing and below the income level enabling them to go out and find and purchase good housing in good neighborhoods. These are people who could afford decent housing if we can only cut through and eliminate the financing bottlenecks and the high downpayments and high interest rates, and the side payment discounts and all of the other problems of this nature.

It is to strike at these acute and serious financing problems that we have built most of the new features into the Housing Act of 1961.

First of all, of course, is the proposal for 40-year, very-small-downpayment mortgages of up to \$12,000 in most areas, or up to \$15,000 in high construction cost areas. All sorts of allegations have been made about the economics of this program. Actually, we have such a program already in effect now for families displaced by urban renewal projects. So it is not unprecedented. True, the purchaser over the life of a 40-year mortgage pays a lot of interest. But these things are also true: he owns a good house in which he can live decently; his monthly payments are moderate; the house itself must meet Federal standards of construction; he can pay off the mortgage in a shorter period of time if he is in a position to do so—and I hope many of them do—and people not now able to buy homes can, for the first time, find themselves actively able to enter the housing market. Therefore, I think the good far outweighs the bad.

REHABILITATION OF OLDER HOUSES

A more important feature of this bill makes possible the rehabilitation and modernization of existing, solidly-built homes in stable neighborhoods. The proposed program for 20-year loans for remodeling and rehabilitation is a great forward step. Let us keep our solidly built older homes from deteriorating into slums. Let us make it possible for the owners of such homes to fix them up into the kind of desirable quarters they were when originally constructed. To me, this is the most important new feature of the bill. The present title I FHA

program, limited to 5, or in most cases, to 3-year loans, makes it impossible for the average owner of an older home to undertake any extensive rehabilitation or improvement. So the home deteriorates more.

Our cities are in a state of physical revolution—urban renewal, new high speed highways, and a surge of new luxury apartments in once blighted areas. On the fringes of every renewal area are good, older homes which could easily slide into the slum category if we don't make it feasible for the owners to modernize them and keep them as desirable places in which to live. You just cannot revive and revitalize your cities if you have bright new luxury apartments and town houses in the center areas, surrounded a few blocks away by decay. Urban renewal must include the rehabilitation of all good housing in the city. This requires not Federal grants, but reasonable loans—and under FHA, I remind the Members, the Government actually makes a profit.

If this bill had nothing else in it than the 20-year rehabilitation loan program, it would be a tremendously effective bill in helping to solve our housing needs.

RENTAL HOUSING IN NONPROFIT PROJECTS

Another very important new provision deals with rental housing projects, financed with low-interest loans extended to nonprofit corporations. Under this program, an eligible nonprofit corporation or cooperative could provide, for about \$60 a month, the kind of apartment otherwise requiring a rent of about \$80 a month. This is an area in which unions, religious organizations, and membership organizations of all kinds could make a great contribution to improved living conditions for their own members or for the general public—for families of moderate income, particularly. This program has many similarities to the special program we enacted in 1959 for the elderly, a program which this bill would substantially expand. But you don't have to be 65 necessarily to need a good apartment at a moderate rental, and the new program should fill an important gap in our rental housing program.

THE "OPEN SPACES" PROPOSAL

Mr. Chairman, there are many other provisions in this bill, and my time for discussing them is necessarily limited. Looking at the overall legislation from the standpoint of the needs of the people of St. Louis, I am proud and happy to say that this bill will be of tremendous help to our city and to our people. It does not make huge handouts from the Federal Treasury. It provides primarily for practical, effective financing help which will not involve any net cost in Federal funds. Most of these programs will pay their own way, and more. On the other hand, the open-spaces program, which would help the cities to acquire land for parks and recreational areas, is a long overdue recognition of one of the great problems of metropolitan areas in providing safe recreational facilities in an attractive setting. We need only look around us here in the Washington area to recognize how valu-

able such Federal help has been right here in providing open spaces and park settings.

A START TOWARD A BETTER CITY

There can be no controversy over the college housing loan program, which we continue and expand. The public facilities loans will enable smaller communities to modernize and improve their sewage and utilities systems to keep pace with new housing demands. The urban renewal provision, making an additional \$2 billion available for our cities, will make this program much more effective. In St. Louis, we are now seeing concrete evidence of the wonders this program can achieve. It was hard going, it was difficult, it led to much dislocation and personal inconvenience and even hardship, but the results now are truly spectacular. I am proud to have had a legislative role in making this dream come true. But it is only a start toward a better city—in a better America. This bill enables us to make giant forward strides in that worthwhile direction.

Mr. Chairman, I urge the passage of H.R. 6028.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. McDONOUGH. Mr. Chairman, I yield 4 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, there are some things in this bill that bother me tremendously. Much of it has to do with that back-door spending scheme which is designed to wreck completely the financial structure of the United States and bankrupt the Government. I have prepared a table which shows what the situation is. The table is as follows:

Identified back-door appropriations in legislative bills and propositions, 87th Cong., 1st sess.

[In millions of dollars]	
Depressed areas, enacted (S. 1)-----	300
Direct veterans' loans, pending (H.R. 5723)-----	1,200
Sale of surplus agricultural commodities for foreign currencies, enacted (H.R. 4728)-----	2,000
Feed grain program, enacted (H.R. 4510) (Use of CCC funds)-----	1,500
Highways, pending (H.R. 6713)-----	2,150
Special milk program, pending (S. 146) (Use of CCC funds)-----	105
Total-----	4,255
Housing bill, pending (H.R. 6028)-----	8,800
Total-----	13,055
Foreign aid, pending (administration request)-----	8,800
Total-----	21,855
Airport aid, pending (administration request)-----	375
Total-----	22,230

¹ Identifiable figure in House version. Department is to supply cost of program to Congress shortly.

² Estimate of diversion each year from general budget revenues to the highway trust fund.

I hope that this House when we come to face the music will stand up to the rack and that we will turn down this bill and help to keep the United States of America solvent.

Mr. McDONOUGH. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. DERWINSKI].

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, the proposed Housing Act of 1961 now before us is a masterpiece of complexity, cost, and confusion. My purpose in the time allotted to me this afternoon is to try to bring some minimum amount of clarity into the situation so that the Members, at least those who have not been whipped into line to support the bill, might base their judgment on this final evaluation.

I believe, therefore, a little background would be helpful. May I remind you that the 2d session of the 86th Congress adjourned without an omnibus housing bill clearing both Houses of the Congress. The title I home repair and improvement program and the veterans' loan programs were extended and authorizations increased for a number of existing programs.

Private nonfarm housing starts showed a decline during 1960 from the previous year, though mortgage funds were in easier supply during the second half of the year. The Bureau of the Census reports that March 1961 privately owned housing starts up 34 percent over the February total; the normal increase for this period is 25 percent.

The controversy over housing legislation in the 1st session of the 86th Congress resulted in two Presidential vetoes due to increased commitments for Federal spending. The bill finally signed into law, S. 2634—Public Law 86-372—provided \$8 billion in additional FHA mortgage insurance authorization; \$650 million for urban renewal for a 2-year period; an extension of the home improvement program to October 1, 1960; authorization of 37,000 public housing units; \$250 million for college housing; and a new \$50 million program of loans for housing for the elderly.

No omnibus housing legislation was enacted during the 2d session of the 86th Congress despite much activity in both Houses. The only housing amendments of any consequence cleared by the Congress in 1960 provided for an extension of the title I home repair and improvement program and removal of the ceiling on the insurance authorization; an increase in the college housing and other educational facilities authorizations; and an increase in the public facility loan authorization. The Congress also approved an extension of the VA-guaranteed and direct home loan programs.

Last year the House passed a bill entitled "The Emergency Home Ownership Act," which was not acted upon by the Senate. I think it is fair to presume, therefore, that the Senate did not feel there was an emergency in the home-building industry in 1960 and refused to be stampeded by the wild cries of this imaginary emergency.

However, on August 31, 1960, Senator SPARKMAN offered various housing amendments to House Joint Resolution 784, as follows:

1. To extend the title I home repair and improvement program for 1 year, until Octo-

ber 1, 1961, and remove the ceiling on the title I insurance authorization.

2. To increase the college housing loan authorization by \$500 million, from \$1.175 billion to \$1.675 billion, to increase by \$50 million the ceiling for "other educational facilities," from \$125 million to \$175 million, and to increase by \$50 million the ceiling for "student-nurse and intern housing," from \$50 million to \$100 million; and

3. To increase the public facility loan authorization by \$50 million, from \$100 million to \$150 million.

These amendments were approved by the Senate on August 31, 1960, and agreed to by the House of Representatives the same day. The resolution, with the housing provisions, was approved by the President on September 14, 1960, as Public Law 86-788.

Public Law 86-665 extends the veterans' guaranteed and direct home loan programs for 2 years, from July 25, 1961, to July 25, 1963.

Mr. Chairman, I feel that it is also sound for us to review former President Eisenhower's final recommendation, submitted in his proposed budget for fiscal 1962, and in his final economic report. Mr. Eisenhower, displaying his usual sound judgment, placed emphasis on private, State and local efforts, and I quote from his budget message:

The best results will be obtained by emphasizing leadership and financial participation by private industry and by local and State public agencies. Federal assistance can be most effective, most consistent with our free institutions, and least costly to the taxpayers if it emphasizes the supplementary action needed to help overcome obstacles to private and local accomplishment.

The major needs for the immediate future can best be met by assuring private groups and local governments of the continuing availability of existing Federal programs.

Mr. Eisenhower's recommendations included legislation to provide permanent authority for major housing programs, revise ceilings on interest rates on veterans', military, and rental housing loans, and to extend direct housing loans for veterans of the Korean conflict but to terminate the program for World War II veterans. No additional authorization for construction of public housing units was recommended in the Eisenhower budget.

Mr. Chairman, the bill before us bears very little resemblance to the sound housing proposals of Mr. Eisenhower.

Mr. Chairman, I would now wish to direct myself to certain questions raised by the bill.

First of all, may I point out that housing starts in 1961 showed substantial improvement over 1960 and are a reflection of the soundness of the home building industry supported by the supply of lendable funds, slightly reduced interest rates, which I must point out are a result of supply and demand, not artificial manipulation.

The general consensus is that there will be a plentiful supply of mortgage money the remainder of this year and next year and the level of interest rates would remain stable. At this point it is well for me to remind my colleagues that approximately two-thirds of the non-farm dwelling units started in the last 5 years were financed through conven-

tional lending programs; therefore, are not directly affected by housing legislation. This indicates the ability and the effectiveness of the private sectors of our economy in meeting housing demands of the American public.

The Federal Reserve Board has expressed concern over artificial stimulation of residential construction and its effect on the market value of the existing stock, pointing out that—

Changes during recent years in the amount and kind of household formation, the steady rise in vacancies, and the absence of pronounced urgency in market demand for housing suggest that we may have entered a period when the total stock of housing, and its capacity to satisfy consumer wants, is numerically more nearly satisfactory than before. If this is the case, attempts to maintain additions to the supply at recent levels may have serious effects on the market value of the housing stock, followed by a substantial decline in the volume of additions that can be produced, and sold or rented, in response to market demands.

Undoubtedly, a substantial number of Americans are living in housing that should not be in use. Elimination of substandard housing, however, is not necessarily a direct consequence of building more houses than the market will absorb. Immediately after the war, an increase in supply—by repair, modernization, and conversion, as well as by new construction—did result in many families moving from makeshift to acceptable housing. For many families, however, the use of substandard housing now is a reflection of their inability to cope with individual family, social, and economic problems, or of a preference for goods and services other than housing, rather than of an overall shortage of housing.

Whether or not this is a matter of personal "fault" is immaterial; if the housing conditions of these people are to be improved in a lasting way, steps must be taken which will help to solve the problems that lie at the root of their difficulty. Experience of the past generation suggests that, although such measures may be largely ineffective unless there is a housing supply of adequate size and diversity, the measures themselves must be much broader than merely stimulating residential construction by progressively easier financing arrangements. This experience also suggests that construction needed to meet the needs of those presently occupying substandard housing cannot be used to any great extent to counteract fluctuations in residential construction activity that arise from other sources. To the extent that the problems of residents of substandard housing are housing problems, the bulk of them are likely to be associated with the functioning of the market for the existing supply, rather than with the functioning of the market for additions to the supply through new construction.¹

Specifically, questions have been asked as to how Federal spending for housing programs affects the economy. Obviously, the effect differs in a period of recession, a boom period and in a normal period, if there is such a thing any more. A housing bill of this magnitude cannot help but have a disrupting effect upon the stability of our economy and the soundness of industries affected by the housing program. This is quite aside from the scope and magnitude of this program which would make the Federal Government administrator a czar over the administration of the smallest community in the country.

¹ Ibid., p. 26.

I have pointed out the availability of mortgage funds, thus disproving the need for a spending program of this size.

However, there is a basic question that must be resolved; namely, that we must isolate any action of the Congress from the entire operation of our Federal Government. Obviously, we cannot size fiscal responsibility or the lack of it in this administration in one program is repeated in all others to the detriment of the truly forgotten American, the little taxpayer.

To keep the record straight and not be accused of making any partisan statements, I feel I would be on appropriate grounds if I quoted from a very distinguished member of the present administration. I have before me a statement made by the Assistant Secretary of the Treasury, Mr. Roosa, made before the Post Office and Civil Service Committee. Now, if we will grant the fact that regardless of another matter on which we are working there is not a single bill that we have worked on in any congressional committee that is not related to fiscal responsibility and cannot be completely removed from the other operations of the Government and the Congress, then I certainly think that it is proper for us to discuss the comments of this gentleman who appeared before the Post Office and Civil Service Committee, and in doing so he described the position of the administration. I quote Mr. Roosa as follows:

The President has made quite clear the strong concern of this administration for sound financial principles—at the same time that it pursues policies to achieve high and rising levels of economic activity. Starting with his January message on the state of the Union, continuing with his messages on the balance of payments and on budget and fiscal policy, and most recently in the message of May 25 on urgent national needs, the President has time and again underscored the need for fiscal integrity, in particular by exerting every effort to hold down the budget deficit now emerging in the current recessionary period and by achieving a balanced budgetary position over the years of the business cycle.

Mr. Roosa quoted President Kennedy, stating:

If the budget deficit now increased by the needs of our security is to be held within manageable proportions—if we are to preserve our fiscal integrity and world confidence in the dollar—it will be necessary to hold tightly to prudent fiscal standards; and I must request the cooperation of the Congress in this regard—to refrain from adding funds or programs, desirable as they may be, to the budget.

Mr. Roosa again:

I cannot emphasize too strongly the harmful effects domestically and internationally of any indication that our Government does not have its fiscal affairs under control. At home, undisciplined deficits are a prime source of inflationary pressures, and they leave for the monetary authorities the full burden of placing a restraining hand on potential excessive demand. The recollection of what a large budget deficit leads to in terms of high interest rate levels and tight availability of credit is too fresh to be ignored.

Now, I would wish that all of us in the Congress would give the President and

his Budget Director and the Treasury Department, support in trying to achieve a reasonably balanced budget, trying to achieve some stability and fiscal responsibility in the operation of what is commonly known as the New Frontier.

The gentleman from New Jersey [Mr. WIDNALL] earlier mentioned the statement before the committee by Mr. Staats, Deputy Director, Bureau of the Budget.

He also appeared before the Post Office and Civil Service Committee discussing fiscal responsibility. At that time I asked him this question:

Now we are all aware, of course, that Congress occasionally disrupts the careful planning of the Budget Bureau by sometimes slicing appropriations, or we often add to appropriations.

Now would it not seem consistent at this point that—I am asking you to advise the Post Office Department, but wouldn't it seem consistent at this point that the Post Office Department go to the Members of Congress who are on record as being spenders and ask them to be realistic in supporting this measure and, in turn, going to the Members of Congress who have a habit of voting against handouts and saying, "Look, you have done your job to keep down the cost of Government. We are not going to pressure you to jam through this postal rate increase."

In other words, we at least want consistency. The people who spend money ought to stand up on the floor of Congress and have the guts to vote for this increase and those who are economy minded might even decide in good conscience to vote against this measure and be perfectly free and honest and not political in their vote.

I am trying to point out to you the personal attitudes that Members of Congress ought to take and should be asked to take by the administration.

Mr. STAATS. Well, I find this a reasonable approach to the problem. I would certainly suggest that anyone facing a budget situation such as we have now who is urging additional expenditures and additional programs ought to feel a double compulsion to do something about bringing the postal budget somewhere more nearly in balance than it is now.

I think if I could transpose myself to sitting where you gentlemen are on this and if I were urging expanded programs in other fields, I would feel I had an obligation to support something of this kind, even though it might hurt in the area which I came from.

If we are to add millions of dollars to the administration budget figures by this housing bill, there is a distinguished Member of the majority party on the Post Office and Civil Service Committee who is working to strike down the President's proposal to increase postal rates. In other words, the majority party spends money like drunken sailors on this bill, then turns to kill a chance for economy in another committee. In the thought, therefore, of an administration spokesman, whom I quoted previously, this is pure fiscal irresponsibility.

The chairman of the House subcommittee has made some interesting comments and observations this afternoon. As I speak at this moment, I do not think anybody in this House has any idea as to whether the bill that we have had presented to us is going to have a 40-year, no-downpayment program, a

35- or 30-year program. The way concessions are being made may eventually find a 10-percent downpayment, a 25-year mortgage plan, or some other adjustment. The committee members at this point can hardly recognize the bill. Also, I am curious to know what we will be voting on in reference to this open-space provision. The open-space provision calls for \$100 million for communities to acquire land.

Mr. HOFFMAN of Michigan. Mr. Chairman, I make the point of order a quorum is not present.

The CHAIRMAN. The Chair will count.

Sixty-two Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 93]

Barrett	Ichord, Mo.	Roberts
Blitch	Jones, Ala.	Rogers, Tex.
Boland	Kearns	Roosevelt
Bolling	Kee	Sheppard
Boykin	Kilgore	Sisk
Buckley	Kirwan	Smith, Miss.
Burke, Ky.	Kluczynski	Spence
Cederberg	Laird	Staggers
Celler	McMillan	Steed
Chiperfield	Machrowicz	Teague, Tex.
Coad	Magnuson	Thompson, La.
Davis, Tenn.	Mason	Thompson, N.J.
Dawson	Minshall	Thompson, Tex.
Fallon	Morrison	Trimble
Findley	Norrell	Van Pelt
Flynt	O'Neill	Van Zandt
Forrester	Passman	Walter
Frelinghuysen	Pilcher	Wharton
Grant	Pillion	Willis
Gray	Poage	Winstead
Green, Oreg.	Powell	Wright
Hébert	Rivers, Alaska	Young
Hosmer	Rivers, S.C.	

Accordingly, the Committee rose; and the Speaker having resumed the chair [Mr. Boggs], Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 6028, and finding itself without a quorum, he had directed the roll to be called, when 366 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The gentleman from Illinois will proceed.

Mr. DERWINSKI. Mr. Chairman, may I repeat one of the problems we face at this time is to determine just what is in the bill we are supposed to be voting on tomorrow. We spent most of our time in the Housing Subcommittee discussing the 40-year, no-down-payment provision. I now understand that this is a thing of the past; it is going to be a 35-year provision with 3-percent downpayment. The only conclusion I can reach from this is that the House subcommittee spent two-thirds of its time discussing something which was so basically bad and indefensible that even the proponents had to drop it from the bill because no one could possibly defend it.

May I repeat, another point we discussed was the so-called open-space provision. I understand this has been considerably changed, but for the moment let us think otherwise. Let me quote this open-space land provision:

The term "open-space land" means any undeveloped or predominantly undeveloped land, including agricultural land, in or adjoining an urban area, which has economic and social value as a means of shaping the character, direction, and timing of community development; recreational value; conservation value in protecting natural resources, or historic, scenic, scientific, or esthetic value.

Mr. Chairman, as I understand our present situation, the only thing that is left in this section is a provision for parks. But evidently we have left in the bill the \$100 million fund. So we now have in the Housing bill this \$100 million to provide parks. This is about as loose a way of writing legislation as I ever heard of.

I would like to remind you that one industry in this country which is expecting a real boom is the vacation industry. It is stated that Americans are going to spend more money traveling to more places within this country than at any time in our history. They are going to get away from the parks in their own communities, they are going to get away from the recreational areas in their own communities. They are going to travel 500 or 600 miles to the national parks and the other geographical and historical sights of this country. If we have any degree of consistency at all, if we are going to give \$100 million for this vague program of building parks in home communities, we ought to strike \$100 million from the Park Service fund because they are competing against each other. If we build too many parks in our own communities, we will have empty national parks, and if we have too many traveling to national parks our own community parks will suffer.

Another idea I would like to emphasize, and it is the most important thought in the housing bill. I understand from numerous Members, both majority and minority, that very little mail has been received on the subject of this housing bill. As a matter of fact, specific industries, homebuilders, the savings and loan industry, the bankers of the country, and many other normally interested groups, have had surprisingly little to say. This is an interesting point and rather tragic. The reason, Mr. Chairman, that we have not heard from these people who normally have an opinion on these matters is because they are afraid of the tax program that may be sent down from 1600 Pennsylvania Avenue. They are afraid they will be driven out of business if they oppose any segment of these New Frontier programs. So, rather than voice their objections, they are fearful of speaking out, they fear they will arouse the vengeance of these fuzzy-headed, dictatorial bureaucrats who are now running the country. I think it is a sad thing in this country when in the operations of this Congress we sit by and permit important segments of our country to be muzzled due to the fear of revenge from an administrative branch of Government.

I repeat, we are witnessing the stifling of opposition within the country to administration policies. Opposition is being stifled in fear of the depth to which

this administration may reach in its frantic, megalomaniac attempt to regiment the country. And, I would suggest that it might be well when we return home at the close of this session, returning to the people at the grassroots level, that all of us, regardless of our political faith, listen to the public, and we will understand that they are afraid of the programs that this Government is embarking upon; more than that, they want us to stand up as Members of the Congress and reassert the checks and balances system. They realize Members of Congress are being threatened with loss of Federal patronage, with loss of Federal pork-barrel projects. They realize others are being bribed with Federal judgeships for political associates. The public understands the political gyrations of the administration and are urging us to fight for a sound dollar, sound programs and to remember that there is such a thing as a taxpayer.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. RAINS. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. SANTANGELO].

Mr. SANTANGELO. Mr. Chairman, I enthusiastically endorse and support H.R. 6028.

I rise to support H.R. 6028, a bill to assist in providing housing for moderate- and low-income families, to promote urban development and for other purposes. This bill is an advance into the new frontiers of America—our cities. Its basis is the American private enterprise system. There are very small amounts of grants in this bill for the first year. Most of the financing is in loans which will be repaid to our Government with interest.

Our census figures indicate that over 130 cities in America have populations in excess of 100,000. These truly are our new frontiers. The problems in the cities are manifold. A major problem confronting the cities and the rural areas is adequate and decent housing. The problem has been complicated by urban renewal programs and highway construction programs, which have uprooted many old families and dislocated thousands of persons. Slums and deterioration of old buildings are blights in our cities and in our communities. In my own particular congressional district, particularly in Yorkville, over 10,000 families have been dislocated because of luxury apartments which rent for \$50 to \$100 per room per month. This rental is beyond the reach of the average wage earner. The residents of Yorkville have been unable to find adequate housing at reasonable rentals. They do not have the means to purchase homes or cooperative apartments at the present prices and at the present interest rates, nor can they rent apartments because none are available at reasonable rentals. Rent control, especially in the Yorkville section of my district, has been an illusory and unsatisfactory protection. Despite rent control, the tenants are not protected and have been evicted by large developments whose rentals, because of the high cost of construction and high

financial interest rates, are beyond the reach of the average worker.

What does this bill, H.R. 6208, do and what are its major provisions? This bill provides rental housing for modest income families—from \$4,000 to \$6,500 a year—under liberal financial terms with interest rates as low as 3½ percent. These terms would lower rents by \$20 a month per unit and would bring the rentals within the reach of these families of moderate income. FNMA special assistance funds are provided for this purpose and loans could be made to a nonprofit and limited dividend corporations, cooperatives and local public agencies—other than public housing authorities. These assistance programs are for a period of 2 years.

In my particular community of East Harlem, we have sought to maintain a balanced community. Twelve organizations and public-minded citizens have taken the initiative to construct cooperative apartments for the residents of the area. These cooperatives charging rent at \$24 per room per month, with units purchased on the basis of \$450 per room will provide a balanced community and will supplement the low-income housing projects which abound in the area. Low-income housing projects, if permitted to expand without cooperatives or urban renewal projects, will create economic ghettos where people of the same economic levels will reside together and will bring about areas of segregation.

This bill restores 100,000 units of low-rent public housing. This is the final 100,000 units of the 810,000 housing unit program which Congress enacted in 1949 and which the previous administration has refused to provide for. As you recall, a housing bill in 1959 provided for 150,000 units, but the administration vetoed such housing legislation and eventually only 37,000 units were provided for by legislation in the previous administration. Without this provision, public housing in New York City would grind to a stop because New York City, through its public housing authority, has utilized this far-reaching social program. The quota under the law permitted to any one city would be exhausted. New York City thus would be unable to build any more housing units.

Recognizing this situation, I introduced the bill (H.R. 6850) which would make New York City eligible to build additional units, notwithstanding the fact that it had exhausted its quota. The committee has adopted my section, and in section 204 of the bill, has provided an amendment to the Housing Act of 1937 and has authorized annual contributions aggregating not more than \$336 million per annum and permitting contracts up to 15 percent of all units—100,000—not already guaranteed or contracted for. Thus, under the terms of this amendment, the New York City Housing Authority would be able to participate in the allocation of the newly authorized 100,000 units of low-rent public housing.

The bill also provides for the elderly. It increases by \$100 million the program of direct loans to finance housing for the

elderly. It also eliminates the present 2-percent equity requirement, and permits loans for full development costs.

Prior history shows that in loan programs loans are fully repaid and that the government ultimately makes a profit on these loans and in these programs. During the depression, the HOLC was devised to protect the American homeowner who was faced with a loss of his home. Experience shows that the Federal Government not only saved the homes for the American people, but in so doing, made a profit of \$30 million.

The bill also provides that when the income- and rent-paying capacity of elderly families is so low as to threaten the solvency of low income projects, an additional Federal payment of up to \$120 a year could be made. These funds would come out of the overall contributions authorization.

The bill also provides an accelerated and sustained attack on slums and urban blight by authorizing \$2 billion for urban renewal grants over a period of 4 years.

Much criticism has come from displaced businessmen who have been dislocated and have not been reimbursed for their losses and for moving expenses. This bill would permit the payment of full moving expenses now limited to \$3,000 for business firms displaced by urban renewal. Also such firms would be made eligible for liberal loans at 3 percent interest rate, 20-year term, through the Small Business Administration, as is now provided for firms uprooted by flood, storms or other natural disasters.

The bill provides assistance to a public housing authority under a urban renewal program to cover rehabilitation housing. This rehabilitation would be limited to 100 units or 5 percent of the units in the project area.

The bill extends the Federal housing authority mortgage insuring authority for an additional 4 years. Home builders or prospective home owners can borrow from banks and FHA will guarantee part of the loans. In addition, the special assistance funds of FNMA, which are necessary to the success of the efforts to urban renewal and modest income family housing, will be increased substantially by \$775 million.

The college housing loan fund which is now exhausted would be increased by four annual installments of \$300 million each.

All in all, this housing bill is all inclusive and takes care of the need of many Americans. It provides new housing programs, housing for the elderly and low income families, urban renewal, college housing community facilities, open space and land developments and even farm housing. These programs are bold programs. They serve the need of America for housing and will provide employment across the land—to the carpenters, to the plumbers, to the painters, to the artisans, to the tradesmen, and to the banking institutions. We in America have waited too long to complete the task which we commenced in 1937 to provide decent housing. This is our opportunity. Let us not fail to take the necessary steps. I trust that this measure will pass.

(Mr. SANTANGELO asked and was given permission to revise and extend his remarks.)

Mr. RAINS. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. ASHLEY].

Mr. ASHLEY. Mr. Chairman, I rise in support of this housing bill, although I am bound to say that initially I had very serious misgivings about various provisions of the legislation.

As our subcommittee chairman and other members of the housing committee know, I had particular reservations with respect to the 40-year no-downpayment loan about which so much has been said and will be said in the days ahead. This is a view, of course, which is shared, apparently, presently by many of the Members of this body. It seemed to me when the bill first came to the subcommittee 2 months ago that this amortization period might be too long in terms of the type and price range of homes to be constructed, and I was quite troubled by the slow rate at which the owner would acquire an equity. But, as I came to understand the provisions and the background of this program better, the misgivings and doubts I had were largely dispelled.

One of the most important things to understand—and this was pointed out by the gentleman from Alabama [Mr. RAINS]—is that this is not a new program. Quite the contrary. In 1954 the Congress authorized the FHA to insure 40-year no-downpayment loans for homes both new and those rehabilitated. This program, however, was limited to persons displaced by urban renewal or other governmental activity.

Now, since 1954 more than 24,000 homes have been insured under this section, section 221, with a net loss to FHA of less than one-quarter of 1 percent of the total loans insured, and, of course, this is considerably less dollarwise of the total mortgage insurance premiums which FHA collects annually.

Under the bill we are considering, this 40-year no-downpayment program, section 221, is broadened to include any moderate income family, that is, with incomes between \$4,000 and \$6,000, not just those families living in homes that have been taken for urban renewal, highways, and other governmental activities.

The issue, it would seem to me, is simply this: Are the advantages of this proposal in terms of providing for decent housing for millions of Americans in the \$4,000 to \$6,000 bracket offset by disadvantages which might accrue by broadening the section 221 program? As far as the 40-year amortization period is concerned, critics, of course, are quick to point out, and I would myself, that it is highly unlikely that there will be any significant value in the \$10,000 or \$11,000 home for the last 10 years over a 40-year period of amortization. It is certainly true that the depreciated value after 30 years will be negligible, and I do not dispute this for a minute. But it seems to me equally true that the current market value of a home—and this is a home of any price—after 30 years is a very different thing than its depreciated value.

As far as the slow buildup of equity is concerned I think there are two points to be considered. First, as I have just suggested, is that the true equity of a homeowner at any time during the amortization period is the difference between the sale value of his home and the outstanding mortgage balance at that time. Second, and of course, this is the very basis of this section, is the fact that it simply is not possible for millions of families in the \$4,000 to \$6,000 income bracket to buy a home under any other terms or conditions.

I grant that it would be a fine thing, Mr. Chairman, if homeownership could be made possible for very moderate income families over a shorter amortization period of, say, 20 to 25 years, but in terms of the monthly payments this requires and the monthly take-home pay of these families, this just cannot be done.

The idea of broadening the 40-year no-downpayment program to include all moderate income families was adopted by the committee because a majority felt that this provides an opportunity for at least some of the families living on between \$4,000 and \$6,000 to get out of the substandard housing and into decent homes which they can at least call their own.

As our subcommittee chairman the gentleman from Alabama [Mr. RAINS] has pointed out, this is not a subsidy program. On the contrary, it utilizes exactly the same procedures and mechanisms and safeguards and even the same interest rate as the basic FHA insurance program which has been used by million of American families including, I am sure, a majority of the Members of this body, in financing their homes.

Another section of the bill which has been subject to a good deal of name-calling is the section which sets up a new low-rental housing program under FHA for families again whose incomes are too high for public housing, but too low for homeownership, even under the 40-year no-downpayment program.

These are the American families who live in the no-man's-land of slums and substandard shelter, and it is a shame to say, but there are millions of them.

This is not public housing, Mr. Chairman, nor is it subsidized housing. It is housing which would be made available by long-term, low-interest rate loans, using the FHA insurance machinery and providing the necessary funds through FNMA's special assistance program.

I recognize that in the past the Congress has been very careful to limit the use of special assistance funds from the Federal National Mortgage Association to programs of special importance. These are programs which would not be possible without a below-the-market interest rate. They are programs which depend on Fanny Mae funds because conventional lending sources simply are not able to make money available at less than the going rate of interest.

It is no indictment and certainly none is intended of our free enterprise system that decent rental housing is not being constructed or otherwise made available

for the very limited income families involved in this program. The fact remains that decent housing for these families, and again, there are millions of them, simply has not been provided on the private market.

I think this situation meets the definition of special importance and I think it is the solemn responsibility of this legislative body to help private enterprise provide a solution.

Finally, Mr. Chairman, I would like to take just a moment to address myself to the section of the bill which provides for extension of title I home repair loans. In the past these loans have been limited to \$3,500 for a 3-year period and at interest rates which, as many of you know, have been close to 10 percent. The committee proposal contained in H.R. 6028 puts a \$10,000 ceiling on home improvement loans and extends maximum maturity to 20 years at a substantially reduced rate of interest.

The best argument in favor of this section, it seems to me, is the fact that of the 58 million housing units in the country today nearly 16 million, or 27 percent, are substandard. Many of these should be saved and can be if loans are available in sufficient amount and on reasonable enough terms.

We also know that more and more renewal projects that are being initiated and approved contemplate substantial amounts of conservation and rehabilitation rather than complete clearance of the project site.

As I said at the outset, Mr. Chairman, I had serious questions as to some of the sections of this bill when the housing subcommittee began its hearings in April. I support it now in its entirety because I am convinced that it utilizes the best available resources of our Government and private enterprise to further a goal subscribed to by us all, that of providing decent, safe, and sanitary housing for all Americans.

Mr. RAINS. Mr. Chairman, I yield 5 minutes to the gentlewoman from Michigan [Mrs. GRIFFITHS].

Mrs. GRIFFITHS. Mr. Chairman, I would like to make it clear at the outset, in view of the remarks of one of the previous speakers on the other side, that my brow is neither bloodied nor bowed. I support this bill because I believe in this bill. I am proud to be an American, to have an opportunity to support our method of housing our citizens. In my judgment this bill is one of the real show windows of democracy. No Communist country houses its citizens as well as we do. If we were really smart, we would be exporting our techniques into South America today for homebuilding.

I should like to say further that I think the chairman of the Subcommittee on Housing is one of the most able and one of the most gifted men in the House. If his name is not engraved along with that of the Senator from his State on the heart of every mortgagor and every mortgage banker in this country, then they are indeed an ungrateful lot. These men have done more to rehouse Americans than any other team, I am sure, in the whole country.

I should like to address myself now to title VI of the bill. It comes as some surprise to me that this is a fairly controversial section of the bill. This title adds a new program to assist State and local governments in preserving open-space land in and around urban areas which for economic, social, conservation, recreational, or esthetic reasons is essential to the proper long-range development and welfare of the Nation's urban areas and their suburban environment.

This is what the open land reservation does. It permits \$100 million of Federal grants. The money is available as long as it lasts. The Government would pay on any particular project 20 percent to 30 percent of the total cost of acquiring the land to be used as permanent open space. Not more than 20 percent would be given to any one political subdivision. If two political subdivisions join together, then as much as 30 percent could be given. This would mean that the city or township, or the cities or towns, would pay as much as 70 percent to 80 percent. How do you qualify for the money? You submit a plan to the housing Administrator with regard to the proposed acquisition of open space land where it is important to the execution of an existing comprehensive plan, applicable to the area, which includes plans for open spaces and otherwise meets criteria established by the Administrator as to detail and coverage.

Where can the open spaces be? The term "open space land" would be defined as undeveloped land, including agricultural land, in an urban area, which has—

First, economic and social value.

Second, recreational value.

Third, conservation value in protecting natural resources.

Fourth, historical or scientific value.

The term "urban area" is defined as any area which is urban in character including surrounding areas which form an economic and socially related region as determined by the Administrator.

Now what are the objections to this plan? One of the objections is that it is too vast a delegation of power. It is quite obvious that there are two quick objections to any delegation of power. One that it is too great a delegation of power or, two, that it is too small a delegation of power. These objections are met with any time any power is delegated.

In my judgment, in this instance they are not fatal objections. It is necessary, if this money that is being spent to build homes in America, is not really to be spent in the building of slums, that we have open spaces around those homes. One of the objections which is quickly raised and has been raised is—why does not the community pay for the park itself?

Permit me to point out to you that within my district in 1950, there were 10,000 people in a township. In 10 years there were 71,000 people within that township. Those people must meet the problems that any community has to deal with—the problem of sewers, hard surface roads, schools and every other type of community facility. There is a

tremendous tax burden upon them. The result will be that they will leave parks, which they will regard as a luxury, to the last possible moment and to the last possible purchase. In the meantime the value of the open land around them will go up. Now is the time that the open land can be bought cheaply. Now is the time to make the homes in which they have invested valuable homes. We know that these park areas are needed.

Permit me, also, to say that it is ridiculous for those who have vast national parks within their areas to object to a playground for children in my area, that is the area of Chicago. A 9-year-old boy on a hot afternoon in Chicago cannot leave for Grand Canyon National Park to play ball. We need those parks. The national taxpayers will not pay the full bill for these parks. This is merely a lift. It is a list that is badly needed.

Second, I would like to point out that land is the greatest resource we have. It is the thing that we are going to leave to our children—this vast, untamed, wide-open America. It is not enough that we have land overgrown in hay and in corn and that those who are paying a large part of the bill read about it inside of a 9-foot-square room; it would be much more desirable if they realized that this great surplus of land that exists in this Nation exists in an area where it is of value to them.

I trust that this time this House, in which I have great confidence, shows its remarkable ability and that this part of this bill remains untouched, and that we insist that the Senate go along with the House.

Mr. McDONOUGH. Mr. Chairman, I yield 5 minutes to the gentleman from Montana [Mr. BATTIN].

Mr. BATTIN. Mr. Chairman, I hate to take issue with the gentlewoman from Michigan about whether or not the people at home can take care of themselves in providing parks and playgrounds. I certainly do not have to remind her that Montana is one of our more sparsely populated States.

In 1898 the State Legislature of Montana provided that a subdivider of land who is subdividing 20 or more acres would have to set aside one-twelfth of the net platted acreage for purposes of parks and playgrounds. The net result of that has been that as our State has grown, and certainly it does not yet even compare with the city of Detroit or the State of Michigan, we have provided now and in the future for the children of our State.

To come here and say that the people of a State are not capable, that it is the business of the Congress to provide the money for parks and playgrounds on a matching basis whether it is 10 to 1 or 2 to 1 just plain does not make any sense. There are so many things that we assume the people at home cannot do and that we get in the act—or at least try to get in the act—to make it easier. If we would let the people at home do those things they can do for themselves we would be a great deal better off, they would be better off, and we would not

have to worry about our children going to the Grand Canyon to play baseball.

I see no provisions in the housing bill to allow a tax credit to those States who have done a good job in providing parks and playgrounds for their children. Are we to be penalized for using good judgment in the past—are we to be taxed for prior acts. Remember my friends—the Lord helps those who help themselves.

Mr. Chairman, I yield back the balance of my time.

Mr. ASHLEY. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. RYAN].

(Mr. RYAN asked and was given permission to revise and extend his remarks.)

Mr. RYAN. Mr. Chairman, I rise in support of H.R. 6028, the proposed Housing Act of 1961.

The year 1961 is an appropriate year to pass a comprehensive housing bill. This is the year in which President Kennedy is seeking to get "the country on the move again," the year that begins the decade of "maximum danger," and the year in which Congress must recognize that we are in the midst of a housing crisis.

Today, Mr. Chairman, there is a crisis in housing because:

First. There are more than 9 million occupied substandard dwelling units in our housing inventory. It is estimated that in terms of people, some 30 million live in substandard units. Another 17 million live in the areas surrounding the slums, which because of their proximity are in danger of deterioration.

Second. Large families and elderly couples and single individuals cannot find good quality housing suited to their needs; and 45 percent of all minority group households live in dilapidated or deficient dwellings.

Third. The FHA housing insurance programs have not reached the broad group of lower middle-income families, except for a few rental projects, many of which are not in the central city where larger low-income populations seek shelter.

Fourth. The public housing program is not meeting the housing needs of the lowest income families, and many are forced into public housing because decent private low-cost housing is not available. The alternative for many is life in the slum. These groups deserve a less restricted choice than exists between institutionalized, rental public housing and the unhealthy atmosphere of a deteriorated neighborhood.

The condition of our Nation's housing affects almost every sinew and fiber in our body—social, economic and politic. The housing crisis leads to discrimination, slums, crime, corruption, wasted resources, decreased economic growth and a lesser degree of social mobility. If we do not act now, it will be too late.

The President in his housing message said:

Within 15 years our population will rise to 235 million and by the year 2000 to 300 million people. Most of this increase will occur in and around urban areas. We must begin now to lay the foundations for livable, efficient and attractive communities of the future.

Perhaps never before in our history has the need been greater for a comprehensive housing act: an act which will build middle and low income housing, furnish housing for the elderly, provide funds for rehabilitation for urban renewal and make available grants to cities for desperately needed open spaces.

While H.R. 6028 is only a partial solution to the housing crisis, it is a major and necessary step in the right direction. It deserves our support.

Let us review some of the major features of this bill along with some suggestions for improvement. The most significant features of this proposal are the sections concerning rental housing for moderate income families, low rent public housing, housing for the elderly, the Urban Renewal program and the open space provision. Since most of our housing problems are found in the cities and three-fifths of our population live in urban areas, these sections are among the most important ones in the bill.

First, I would like to discuss that section of the bill dealing with housing for moderate income families. These are the forgotten people. Federal programs emphasize low income public housing and title I housing. Unfortunately, experience has shown that title I housing is almost invariably luxury housing. When we speak of these forgotten people, we are referring to a sizable segment of the Nation's population. The committee report on H.R. 6028 states, at pages 2-3:

The 1956 housing inventory found that a little over 1 million families in the \$4,000 to \$6,000 income group lived in housing which lacked some necessary plumbing facilities and more than 300,000 lived in housing which was outright dilapidated. Taking into account the substantial number of units for which condition was not recorded, it is clear that approximately 1.5 million families in the \$4,000 to \$6,000 income group were living in substandard homes.

J. Clarence Davies, chairman of the Housing and Redevelopment Board of New York City, pointed out in Senate hearings that more than 88 percent of the 2,228,000 families in the city had incomes of less than \$10,000 a year, and 45 percent, almost half the population, were in the \$5,000 to \$10,000 a year income group.

The bill before us attempts to meet the housing needs of these moderate income families.

By increasing the scope of the FHA section 21 program, it is proposed to build rental housing for moderate income families under liberal financing terms with interest rates as low as 3½ percent. These terms would lower rents by an estimated \$20 per month per unit. FNMA special assistance funds are provided for this purpose. Loans could be made to private nonprofit and limited dividend corporations, cooperatives and local public agencies—other than public housing authorities. This provision is limited to 2 years. It is expected that 50,000 additional units will be built under this program.

Two years from now the Congress will have an opportunity to review and evaluate this program. At that time it may be wise to consider changing the method

of financing. One possibility is the establishment of a Treasury revolving fund out of which low interest loans are made directly to the developer and into which these loans are repaid.

Most central city families must depend upon rental accommodations for shelter—and many of modest means have not been able to find these accommodations at rents they could afford. For this reason the new section 221 low-interest rental housing provisions are of major importance to New York City residents and the residents of many of our other larger cities. This new provision should help to fill the gap between public housing and the rental projects for which private developers charge high rents. It should assist in providing for the forgotten segment of our population in the lower middle-income group. We cannot afford to ignore this large group of citizens who play such a basic part in the Nation's economic activities.

The housing bill of 1961 also seeks to ameliorate the moderate income housing problem by making moderate income families eligible for 40-year, no down payment loans under the section 221 program, which is now restricted to families displaced by urban renewal.

There has been substantial criticism of the new and experimental features of this legislation. Some argue that they will not, in effect, increase the supply of middle-income housing because the total cost will be prohibitive. They argue that the mortgagor will pay such a large sum of interest over the life of the 40-year loan that prospective homeowners will shy away from these loans. The answer to this argument is simple. When a man has a family to house, feed and clothe on a limited sum, it is his out-of-pocket costs today that loom most important to him. Most of these prospective homeowners are interested in a decent home for their families and preferably one which they can someday call their own—such a dream has not been possible for many hard-working families. Under the new long-term, low-interest rate program this dream can be realized. The mortgagee cannot lose, nor can the mortgagor; and I believe that the Federal Housing Administration's insurance program will not suffer. The foreclosure record of the FHA and VA loan programs attest to the fact that losses will not be a great problem, barring a major depression. The slight rise in foreclosures recorded for the past year for the most part can be attributed to the depressed economic state of some of the areas of the country—not to any unsoundness of mortgage terms.

I turn to public housing. Although our low-income families and individuals are not forgotten, their needs still go unmet. The committee report states, at page 20, "In 1956 the Bureau of the Census found that 4 million families with incomes of less than \$2,000 and another 2 million with incomes between \$2,000 and \$4,000 were living in substandard housing." The President in his housing message stated, "There are 8 million families today with incomes of less than \$2,500, 7 million more with incomes between

\$2,500 and \$4,000. Among the 10 million individuals who live alone, nearly 50 per cent have incomes of less than \$1,500. One-third of the 6 million nonwhite households live in substandard housing." To compound the problem, it is estimated that 45,000 low-income families eligible for public housing will be displaced by Government action in 1961.

The amount of public housing authorized and constructed has been limited by congressional action. Although the Housing Act of 1949 recommended 810,000 units in 10 years, as of January 31, 1961, only 270,000 units have been completed; 36,000 units are under construction. During 1960, 28,879 units were started, and 16,401 were completed. If you add the number of units for which annual contribution contracts have been negotiated, the total would be 380,000—less than half the total recommended in 1949. H.R. 6028 authorizes approximately 100,000 additional low-rent units by restoring the unused balance of the annual contributions authorization originally provided for in the 1949 act. While I had hoped and now suggest that Congress provide for 400,000 units, the number of units remaining under the 1949 act, I wholeheartedly support the proposal for 100,000 desperately needed units.

One of the major weapons in the war against urban blight has been the Federal urban renewal program. H.R. 6028 provides for \$2 billion in urban renewal funds to meet the program's needs for a period of 4 years. I am in favor of this authorization but feel obligated to point out the ways in which the program has not achieved its goal and to make suggestions for improvements.

A major failure of the urban renewal program is that instead of building housing for low- and middle-income families, the billion-dollar title I program has built luxury housing. In the city of New York, for example, rental projects subsidized by title I write-down in land costs are renting anywhere from \$40 to \$246 per room per month. In New York City the mean rent per room for 11 title I projects is \$44.77. Such rentals can hardly accommodate middle-income families. According to an exhaustive New York State study, middle-income rentals should range from about \$17 to \$29 per month.

I suggest that the taxpayers should not subsidize luxury housing and that rent ceilings should be established on all title I projects in order to provide middle-income housing.

Urban renewal is a mixed blessing. For the individuals, families, and businesses displaced by the bulldozer, it can be a tragedy. To a neighborhood, urban renewal often means extinction.

H.R. 6028 recognizes to some extent the hardships that urban renewal can bring to small businesses. The bill would remove the \$3,000 ceiling on moving expense payments to business firms displaced by urban renewal. Once again this is a step in the right direction, and I support it. However, it does help those concerns which are crushed under the wheels of progress and either go out of business, pay exorbitant rents in new

quarters, or substantially lose profits. It is my belief that these small business concerns should receive the following considerations: First, compensation for the difference in rental cost between the old premises and the new quarters for 1 year; second, an award in an amount estimated to be reasonably equal to the first year's loss of profits due to relocation; third, compensation at a reasonable market value for a trade or business which has been unable to find suitable replacement quarters, within 1 year after the concern has been forced to vacate an urban renewal project site.

Furthermore, there seems to be no reason why an individual as well as a business should not be paid actual moving expenses, and I suggest that the same consideration be extended to families and individuals.

The bill pending before us provides that small firms displaced by urban renewal are eligible for 3-percent interest rate, 20-year term disaster loans from the Small Business Administration. I am particularly pleased over this section because it incorporates the principle of my bill, H.R. 7418. The reasoning behind H.R. 7418 was that it can be just as much of a disaster for a small business to be hit by a tornado as to be displaced by urban renewal.

H.R. 6028 does not concern itself with the problems of neighborhood extinction or with the hardships of individual and family relocation which have been experienced under Title I of the Housing Act of 1949.

I believe that to the maximum extent practicable, individuals, families, and business concerns displaced from an urban renewal area should be granted priority to relocate in the area after redevelopment. This requirement would avoid the complete disintegration of neighborhood patterns and institutions. One of the most valid criticisms leveled against urban renewal operations has been the failure to take into consideration the fact that neighborhoods, even when they are deteriorated, are communities of people. The bulldozer does more than demolish old buildings, it destroys neighborhood ties—old friendships, established shopping and transportation patterns, and in some instances the livelihood of individuals.

The hardships of relocation could be partially alleviated by preventing a local public agency from disposing of property in an urban renewal area until all individuals, families, and business concerns to be displaced have been provided with dwellings and facilities. In addition, it should be firmly established by law that the local public agency shall conduct relocation activities exclusively through the use of public personnel and facilities without reliance upon private agencies, institutions, or organizations.

According to the latest data available from the Housing and Home Finance Agency, there were 107,230 families involved in the urban renewal project properties acquired through June 1960. Over 1,000 of these families had to be evicted from their homes and relocation officers do not know what happened to them. In addition, there are some 6,000

other families whose whereabouts are unknown. This makes a total of 7,000 families who, according to recorded information, have "disappeared." Whether or not these families have secured decent, standard housing cannot be ascertained until, or unless, relocation officers are able to trace them.

Past experience in relocation activities reveals that most self-relocated families are not as well-housed as those relocated by public official action, proving that adequate relocation procedures are of prime importance to the successful revitalization of cities. It also would make it doubtful that the majority of the 7,000 families for whom local public agencies cannot account have been accommodated in better dwellings than those which they were forced to vacate. The entire concept of the Government's responsibility to the people displaced by public action has been changing during the past two decades, but even greater care and consideration appears to be necessary at this point.

In my city of New York there have been some very strong criticisms voiced against the varying relocation procedures followed by title I sponsors, and these criticisms have not been without foundation. The contracting out of site management responsibilities to private agencies has not proved to be a satisfactory way to handle relocation. It has added to the costs of some redevelopers with a resulting increase in the cost of housing constructed in urban renewal areas, to say nothing of the undue mental and financial hardship to site occupants. There have even been instances when redevelopers have purposely delayed redevelopment but continued to collect rent from site tenants while putting forth a minimum of effort in relocating site families and businesses.

In the interest of justice and in order to prevent a further spread of blight and deterioration, efficient and humane relocation procedures must be a part of a city's comprehensive planning.

Now let us consider title VII of the bill—the open space provision. Ask anyone who lives or has ever visited a sizable city what is most lacking in our cities, and the answer will be open space. Today's cities are cluttered by apartment houses, stores, sidewalks, automobiles, parking lots, and gutters. To the city child the streets are his playground, and grass is rarely seen.

President Kennedy in his housing message spoke of land as "the most precious resource of the metropolitan area." He went on to say, "The present patterns of haphazard suburban development are contributing to a tragic waste in the use of a vital resource now being consumed at an alarming rate. Open space must be reserved to provide parks and recreation, conserve water and other natural resources, prevent building in undesirable locations, prevent erosion and floods, and avoid the wasteful extension of public services."

H.R. 6028 sets forth a new program of partial Federal grants to State and local governments to help them acquire land for parks and recreational areas and other permanent open space use. Such

grants could extend up to 30 percent of acquisition cost. One hundred million dollars is authorized for appropriation for this aid.

A Federal program for open space acquisition must be enacted quickly. The increase in urban population makes it imperative that a program commence as soon as possible. By the year 2000 it is estimated that 107 million Americans, one-third of the population, will live in 10 metropolitan areas and another 40 percent will live in 285 metropolitan areas. In the year 2000 more than 85 percent of all Americans will live in metropolitan areas.

The program proposed is a minimal one. It will be only a beginning. I suggest that instead of an authorization of \$100 million we authorize \$250 million in stages over a period of 5 years. This system will prevent a rush of requests for grants during the first year and will enable localities to prepare adequate plans for open space. In addition, because of the national importance of this program I would increase the grants up to 35 percent of the acquisition cost.

If we do not want to leave our children and grandchildren the inheritance of cities without open space, we need an open space program now.

Before concluding, I would like to mention some of the other features of this bill which I feel are particularly worthwhile.

This bill recognizes a special and important problem—housing for the elderly. There are 16 million Americans over 65 years of age. In 1970 there will be more than 20 million. More than half of the families headed by a person over 65 have annual incomes below \$3,000 and four-fifths of all people of this age living alone must live on less than \$2,000 a year. There are special problems involved in housing for the elderly. Some have physical infirmities which limit their activities. Many need access to special community services. To provide housing, make life more comfortable and to enable elderly persons to continue as useful citizens, H.R. 6028 increases by \$100 million the program of direct loans to finance housing for the elderly. In addition, in cases where the low income and the rent-paying capacity of elderly families might threaten the solvency of low-rent projects, an additional Federal payment of up to \$120 per year for each dwelling unit occupied by an elderly family could be made to local housing authorities.

I have by design reserved my remarks regarding the new program of home improvement and rehabilitation until this point. My purpose is plain unless we have available a means for achieving extensive rehabilitation and improvement of our existing housing stock, the impact of the 40-year loans and the expanded rental housing program will not be felt. New York City needs 430,000 new housing units, but new housing units alone will not solve the problem of slums and substandard living conditions or meet new family formation. In fact, it would be extremely unwise and uneconomic to expect that they would. The

Nation's investment in real estate is something in the neighborhood of \$500 billion. Some of it is old; some is beyond repair and cannot be saved. However, according to the 1960 census, there are more than 8 million homes which need major repairs but are basically sound structures. Financially, we cannot stand to lose these houses in view of their total value; and numerically, we cannot afford to have them removed from the housing stock. They are necessary to meet the needs of the more than 5 million new households predicted for 1965.

This new liberalized home improvement program is needed to encourage lenders to invest in the updating of the housing stock and to lend incentive to homeowners who have been unable to make needed repairs. It is my opinion that some of the currently blighted neighborhoods would not have reached this stage had it been possible for homeowners and landlords to invest in needed improvements.

The housing crisis is a major part of the crisis of our cities. Housing problems affect and are affected by general urban problems. With the large population shift from rural to urban areas, crumbling houses, mass ownership of automobiles, inadequate highways, sewers, schools and other facilities, the housing dilemma has been a major factor in creating and exacerbating these conditions. Our cities are our Nation's nexus to higher education, cultural activities, artistic endeavors, and innovating ideas. In 1938, Lewis Mumford said:

The city as one finds it in history, is the point of maximum concentration for the power and culture of a community * * * the form and symbol of an integrated social relationship; it is the seat of the temple, the market, the hall of justice, the academy of learning. Here in the city the goods of civilization are multiplied and manifolded; here is where human experience is transformed into visible signs, symbols, patterns of conduct, systems of order. (Mumford, Lewis. "The Culture of Cities," 1938, p. 3.)

Mr. Chairman, 1961 is the year in which the cities are fighting for survival. H.R. 6028 provides the metropolitan areas with important weapons in this struggle.

Mr. McDONOUGH. Mr. Chairman I yield 10 minutes to the gentleman from Michigan [Mr. HARVEY].

[Mr. HARVEY addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. ASHLEY. Mr. Chairman, I yield such time as she may desire to the gentlewoman from Washington [Mrs. HANSEN].

(Mrs. HANSEN asked and was given permission to revise and extend her remarks.)

Mrs. HANSEN. Mr. Chairman, I deeply appreciate the privilege of supporting the housing program so necessary to the well-being of our Nation and I would at this time like to pay a particular tribute to Chairman RAIN'S able, intelligent presentation of H.R. 6028.

May I add that not only is this bill of genuine assistance to the housing problems of the low-income families,

college and farm groups, our smaller towns and urban renewal areas, but I would also like particularly to point out that already my congressional district has applications in to assist the serious housing problem of our senior citizens. Our State is also, of course, deeply interested in homeownership for moderate-income families, rental housing for moderate-income families, home-improvement programs, FHA housing, college housing and urban renewal and I would particularly like to commend the committee for their inclusion of community facilities and public works planning, for this must be a decade of planning for America's future. I also support this bill because of the assistance which it will give to our depressed areas and the important impact it will have on the economy of the Pacific Northwest which is based so largely on the lumber market and now finds itself in serious trouble.

The April report of the Bureau of Employment Security of the U.S. Department of Labor reveals that employment in the Pacific Northwest, which typically expands by about 20,000 in the seasonal upswing between January and March, rose by only 2,000 to a total of 1,415,000. At this level it was off 16,000 from March 1960.

Forest products, normally a leader in the spring upturn in employment, counted only 106,000 workers on payrolls in March of 1961—off nearly 18,000 from last year.

Employment in freight-shipment activities, geared to the pace of the lumber industry, was also down by 2,000 from last year.

This report states that the overall employment outlook for the Pacific Northwest will depend largely on nationwide residential construction and the resulting demand for lumber. Under normal conditions, 20 to 25 percent of the 100,000 seasonal employment increase in the region between March and July is centered in the volatile forest products industry.

Forest products is the Pacific Northwest's largest basic industry, employing one out of three of the region's factory workers. It has been hardest hit in a general employment downturn over the year, reaching in March of this year the lowest employment total in the industry since World War II.

Unless there is a pickup in residential construction—such as this bill would stimulate—substantial recovery of this region's economy will not be possible.

Mr. ASHLEY. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. HOLIFIELD].

(Mr. HOLIFIELD asked and was given permission to revise and extend his remarks.)

Mr. HOLIFIELD. Mr. Chairman, it is late in the day and I shall not take the time to deliver the remarks which I had intended to make, but shall place them in the RECORD for those who wish to look at them. I am enclosing a table which I have prepared which does show the 40-year mortgage moratorium rates, the amount of equity, the outstanding bal-

ance of the debt, and so forth, which goes along with this arrangement.

Mr. Chairman, if I may be pardoned for referring to my own experience, in 1922 I decided to get married and built a house. It was a framehouse. When I finished it, this 4-room framehouse, it cost me about \$2,500. Now, that is almost 40 years, or a little over 39 years ago. As I pass that house occasionally, driving by in my automobile, it looks just as good today as it did when I built it. When people talk about a 40-year mortgage being an unusual arrangement or an unnecessary arrangement, I often think, as I go by, the way that little framehouse looks today. The people who are living in it are enjoying it, and it looks just about as good today as when I built it. The important thing that has not been stressed in some of the speeches I have heard today is that while in terms of interest rate over a 40-year period, it does cost the home purchaser twice as much or maybe a little more as the price of the home; what has not been stressed, I say, and that I think is important, is the fact that that family has had those years to live in a house at a price which is probably cheaper in their monthly payments than they would have had to pay if they had rented this same type of house.

There are some intangible things inherent between home ownership and high rental, in my opinion. One is the spirit and the morale that obtain in a family when they have an equity, even though it be a small equity in the house. They become part of the community. They become interested in the schools. They become interested in the PTA, in the chamber of commerce, in the tax rate in the town. They become a real, living symbol of what I think is the best type of American. On the other hand, the person who has to rent, and particularly if he has to live in the slums, where he would have to live with the amount of payment required in the low-level range of housing—that man and that family do not have the chance to integrate into the social life of the community and to become part of the responsible element of our citizenry. I mean by that that they have a better chance to become a participating unit in the community life than a person who rents and moves from place to place and from slum to slum.

So, I think when we are talking about the finances of this, we should realize that there are also intangible values of citizenship, of interest in a community of bringing up a family with morale that is interested in the community to the point where they will oppose communism and these other alien philosophies and become better citizens in the community in which they reside. This is one of the great, intangible benefits that comes with home ownership. I believe the strength of America will be increased in proportion to the amount of home ownership that we have, because it builds better citizens.

There are numerous and compelling reasons for the enactment of the President's basic legislative proposal to broaden the authority for FHA insurance of 40-year mortgages secured by moderate-cost homes.

The reduction in monthly payments that would be made possible by a 40-year loan would enable many low-income families presently living in substandard rented units to acquire homes. They would gain from the amenities available in an individual home on an individual lot, from the gradual accumulation of equity and the satisfaction of home ownership. These are the basic potential benefits to American families which make it well worth trying this program on an experimental basis for a 2-year period.

THE QUESTION OF DEPRECIATION

Although questions have been raised about the accumulation of an equity by the owner because of various calculations of depreciation, it is believed that a realistic appraisal of this matter should lay many fears to rest.

In any analysis of residential property depreciation, we must recognize that any dollar amount computation of depreciated value is only hypothetical. Although residential property may be depreciated for tax or bookkeeping purposes on a 40-year basis, census data indicate that millions of home over 40 years old are occupied in this country. Furthermore their salable value is generally much greater than the building site value, which, of course, undergoes no depreciation in a physical sense. It is the current market value of a home which will determine the true equity of the homeowner rather than the difference between a hypothetical depreciated book value and the outstanding mortgage balance.

A few years ago, a comprehensive study on "Capital Formation in Residential Real Estate" was made by Grebler, Blank, & Winnick for the National Bureau of Economic Research. They found that the net changes in value resulting from physical depreciation and obsolescence on the one hand, and additions and alterations on the other, averaged about 1 percent a year in the first 52 years of the life of single-family houses. They also used available data to construct a homes price index for certain areas, and found that for long-term movements the construction cost index conforms closely to a price index, corrected for depreciation in the case of existing homes.

Assuming a 1-percent-a-year depreciation, the average \$10,000 house purchased in 1920 would have depreciated to \$6,000 by 1960, on the basis of physical changes, before taking account of changes in market prices. An approximate depreciation schedule, based on the average depreciation rate found by Grebler and his associates, and a related hypothetical equity accumulation, is shown in the attached table. This table is different than one presented at the hearings by FHA because it is for a $5\frac{1}{4}$ percent rather than $5\frac{1}{2}$ percent mortgage and it is based on the Grebler study. If we look at the Boeckh index of residential construction costs, in lieu of an available national price index for homes, we find that the index in 1960 is 235 percent of the 1920 index. Therefore, the house worth only \$6,000 based on depreciation of the 1920 cost, is prob-

ably worth over \$14,000 in current market prices.

It might be argued by some that this rise in market values of older homes is all a result of inflation. Some of the rise was due to inflation as reflected in a 47-percent rise in the Consumers Price Index over the 40-year period, or a little over 1 percent a year. However, over the same period the construction cost index representative of home prices rose 135 percent or about $3\frac{1}{2}$ percent a year.

There are a number of basic factors which have led to the greater increases in residential property values. We have been and continue to be a rapidly urbanizing society. As it becomes necessary to utilize land at increasing distances from urban centers to accommodate our population growth and our farm-to-city migration, the existing, closer in residential properties take on greater value. One of the early classical economists, David Ricardo, pointed out over a century ago, that as less desirable land has to be brought into use, the value of the more desirable land, already in use, will rise. This still holds true today, and probably veterans who bought homes that were already 10 years old with 30-year, no-downpayment loans after World War II could realize a measurable capital gain today, if they sold their homes.

There is also a special consideration with respect to the price class of homes that would be financed with 40-year, no-downpayment mortgages under section 221. We know from the difficulties in finding relocation housing for moderate-income families displaced by urban renewal and other public improvement actions that there is a shortage of adequate housing for moderate-income families in many areas. Therefore, we would expect a relatively firm market for such housing, even during temporary periods when the real estate market generally experiences some softening.

FHA EXPERIENCE WITH 40-YEAR MORTGAGES

As a matter of record, the FHA has had considerable, satisfactory experience in the insurance of 40-year home mortgages. In 1950 the Congress authorized such mortgage insurance under section 213 for cooperatively built sales housing on which individual mortgages may be insured after the dwellings are completed. The FHA has insured more than 28,000 home mortgages in an aggregate loan amount of over \$334 million under section 213. It has had to acquire only 95 homes and on 48 of them that have been sold the FHA had a net loss of about \$75,000. If FHA realizes a proportionate loss on the other acquired properties, its total losses over more than 10 years of insuring 40-year mortgages under section 213 will be less than one-half of 1 percent. Mortgage insurance premiums are collected at the rate of one-half of 1 percent annually on outstanding loan balances.

Also relevant to the question at hand is the FHA experience in insuring 40-year, no-downpayment loans under section 221 authority enacted in 1954. Almost 24,000 section 221 home mortgages in an aggregate loan amount of over \$218 million have been insured. There have been 454 FHA acquisitions of homes under section 221, and 69 of these have

been sold at an aggregate net loss of \$80,000. If the remainder of the acquired properties are sold with proportionate losses, the total net loss to FHA under the 221 program, thus far, will be less than one-fourth of 1 percent of the total loans insured. This is far less than the total of mortgage insurance premiums, one-half of 1 percent of the outstanding loan balance, that is collected by FHA each year.

BROADENED PROGRAM NEEDED TO MAINTAIN
HOMEBUILDING LEVEL

A broadening of the section 221 program 221 is needed at this time to tap the large market of 11 million families with annual incomes of \$4,000 to \$6,000 in 1959, as reported by the Bureau of the Census. Many of these families would be able to make no more than the minimum \$200 cash downpayment—including closing costs—required under section 221, and, with the 40-year term, they could meet the reduced monthly payments. We need the extra market demand that would be stimulated because World War II children will not reach the home market age in large numbers for another 3 or 4 years. The higher income housing market has been largely satisfied during recent years. Therefore only by providing terms under which moderate-income people in need of homes can purchase them, will we be able to maintain a satisfactory level of homebuilding for the stability of the building industry and the economy.

Depreciated value of \$10,000 home and comparison of unpaid balance of \$10,000 mortgage 40-year term at 5¼ percent interest

End of year	Depreciated value of property ¹	Outstanding balance of debt	Equity
0	\$10,000	\$10,000	-----
1	9,950	9,924	\$26
2	9,900	9,845	55
3	9,850	9,761	89
4	9,800	9,672	128
5	9,750	9,579	171
6	9,700	9,481	219
7	9,650	9,377	273
8	9,600	9,268	332
9	9,550	9,153	397
10	9,500	9,032	468
11	9,450	8,905	545
12	9,400	8,770	630
13	9,300	8,628	672
14	9,200	8,479	721
15	9,000	8,321	679
16	8,900	8,156	744
17	8,800	7,981	819
18	8,700	7,797	903
19	8,600	7,603	997
20	8,500	7,398	1,102
21	8,400	7,182	1,218
22	8,300	6,955	1,345
23	8,200	6,716	1,484
24	8,100	6,464	1,636
25	8,000	6,198	1,802
26	7,850	5,918	1,932
27	7,700	5,623	2,077
28	7,550	5,312	2,238
29	7,400	4,984	2,416
30	7,250	4,639	2,611
31	7,100	4,275	2,825
32	6,950	3,891	3,059
33	6,800	3,487	3,313
34	6,650	3,061	3,589
35	6,500	2,612	3,888
36	6,400	2,139	4,261
37	6,300	1,641	4,659
38	6,200	1,116	5,084
39	6,100	562	5,538
40	6,000	0	6,000

¹ See accompanying text for assumptions.

(Mr. HIESTAND (at the request of Mr. McDONOUGH) was given permission to extend his remarks at this point in the RECORD.)

Mr. HIESTAND. Mr. Chairman, I hope that the House will weigh carefully the implications of this bill and its effect on the millions of homeowners today whose savings are represented by the equities in their existing homes.

A great percentage of the homeowners who are in the market today for new homes are in the market only if they are able to sell their existing homes. If something happens to these equities, then there would be a drop in the construction and sale of new homes.

I am afraid that the proponents of this bill are not aware of the equities which moderate income families have accumulated in their existing homes.

For example, the 1956 housing inventory revealed that of the 7 million homeowners in the \$4,000 to \$6,000 income group, 2½ million families who had purchased homes with a mortgage now own them free and clear of any debts.

In addition, the Bureau of the Census discovered in 1956 that 1 million American families in this income group had purchased homes with cash and no mortgage. Another 2 million American families had acquired homes with mortgages that were not Government insured, and 1½ million families owned homes with FHA and VA mortgages.

These statistics, which I must emphasize, are based on the 1956 housing inventory by the Census Bureau, tell two stories. One, it underscores the tremendous equities which these moderate income families have in their present homes; and two, it rebuts the contentions of the proponents of the bill that this income group is neglected by the private market.

If this bill is enacted and speculative builders are encouraged to build a huge volume of housing to be sold with no downpayment and 40-year terms, then it is very unlikely that existing homes will be easy to sell in today's market. The result will be a drop in the prices of existing homes and a reduction or wiping out of the equities—the savings—of millions of moderate income families.

Mr. Chairman, enactment of this bill will thus be a great disservice to millions of American families.

There is another provision in this bill, the implications of which are more serious than any housing bill ever considered by the Congress. I refer to the provision which would permit local public bodies or agencies to obtain a Treasury loan at 3½ percent to build moderate rental housing for moderate income families. These loans will be at 100 percent of cost.

These will be direct Treasury loans notwithstanding the references in this bill to the FHA and FNMA. Both of these agencies will suffer a perversion of their statutory objectives in order to implement this program. The FHA will be required to insure a mortgage with a rate of 3⅓ percent, 2⅓ percent below the normal interest rate for FHA multi-family projects. FNMA will draw from the Treasury money with which to buy these mortgages at par.

This program is nothing more than an extension of government-owned subsidized shelter to America's middle class.

I am not exaggerating when I say public housing. There are two essential elements to public housing; one is government ownership, and the other, subsidies. This program has both elements.

"Local public bodies or agencies" means that a city could create a "local rental housing authority." Whatever instrumentality the city creates, it all adds up to the same thing, government ownership of shelter for America's middle class.

The subsidy is present in the fact that this money will be borrowed from the Treasury at 3½ percent. This is more than 2 percent below the present market rate for FHA loans and certainly below the rate which the Treasury must pay for money it borrows for 40-year maturities.

I hope that the House, before it votes on this provision will realize that it is voting on an extension of government-owned subsidized shelter for America's great middle class. In my opinion, this is the greatest challenge that has ever faced the House in its long and traditional resistance to public housing. I refer to the fact that this House on many occasions has voted, either to kill public housing or reduce it sharply. This provision is a much more vicious form of public housing than that which appears in this bill under the banner "Public housing."

A few moments ago, I referred to the 1956 housing inventory which rebuts the contention of the proponents of this bill that America's middle class is neglected by the private market. How about the 1960 Housing Census? In a few months we shall have complete census statistics as to the housing status of the American people.

I think it most significant that the administration wants to rush through a 4- or 5-year housing bill, involving vast costly new programs, without having before it the results of the Housing Census taken in 1960.

Mr. Chairman, this is a far-reaching bill which takes us a long way toward government ownership of family shelter for two-thirds of the American people. This is not what the American people want—it is not what the American people need.

Mr. Chairman, I have only mentioned three of the 30 important objections to this monstrous bill. It is indeed a monstrosity, the worst housing bill we have had offered to this House.

Approval of this bill would do violence to the warning of President Kennedy in his inaugural address that we face great challenges in the future, and that we must consider what we can do for the country, not what the country can do for the people.

Mr. McDONOUGH. Mr. Chairman, I yield 10 minutes to the gentleman from Washington [Mr. PELLY].

(Mr. PELLY asked and was given permission to revise and extend his remarks.)

Mr. PELLY. Mr. Chairman, the financial impact of this omnibus housing bill H.R. 6028, according to a tabulation prepared by the National Association of Real Estate Boards, is \$8.8 billion, of which only \$241 million is subject to the

appropriations process of the Congress. In the case of the \$2 billion urban renewal capital grants, the bill authorizes contracts pledging the faith of the U.S. Government so that Congress would be legally bound to appropriate the money for this program in future years. In other words, H.R. 6028 is the biggest back-door spending bill as far as I know ever to come before this House.

I have a firm opinion that the majority of the Members of this body are opposed to abrogating congressional responsibility by the device of authorizing public debt transactions whereby an agency of Government borrows from the Treasury and spends the money outside the normal appropriations process.

I have in mind that in May 1959 our distinguished colleague from Texas [Mr. THOMAS] introduced amendments to change the method of financing of a similar but more modest housing bill to direct financing by appropriation. On a record vote the amendments were carried 222 to 201.

Subsequently, due to the fact that the conferees from the House were not in sympathy with these amendments, in the House-Senate conference, the managers on the part of the House, not to anyone's surprise, capitulated.

Mr. Chairman, I am sure history would repeat itself if today similar amendments were initiated to eliminate the back-door spending elements of this measure. I would be licked before I started if I introduced such amendments.

I hope that the Members of this House, nevertheless, will not overlook the fact that in a few days the House will be considering legislation to increase the national debt limit to \$298 billion. It should be borne in mind that approximately \$114 billion of the national debt has been incurred through public debt transaction authorizations. Also, it should not be overlooked that the record clearly indicates that where the appropriations committees of Congress have had jurisdiction, the line has been held on spending and the Presidents' budget requests have been kept in line. On the other hand, it is by the so-called back-door devices that Congress has lost control and expenditures of the Federal Government have exceeded the budget.

The statement has been made that the use of public debt transactions in financing public programs is simply a matter of loaning money and having it repaid. In this connection, I remind my colleagues that some \$16 billion of bonds and notes of Government agencies have had to be cancelled and more is in prospect.

As of June 30, 1960, the Treasurer had a balance of securities acquired from various agencies to finance back-door spending programs amounting to \$33 billion. As I recall, there is an additional \$26 billion authorized so that should the agencies of Government request these additional funds the Treasurer of the United States would be compelled to buy their notes and securities in this latter amount. As the national debt is close to the debt limit now, imagine the results if the Treasury is called upon to buy agency securities. It could

only go into the market and issue bonds in a limited amount and would not be able to raise the necessary funds to pay the \$26 billion.

It seems to me fiscal irresponsibility to authorize borrowings by the Housing agency under this bill, which with other outstanding authorizations, would far exceed the debt limit. In other words, we either should be seeking an increase far in excess of \$5 billion in the debt limit when H.R. 7677 is considered by the House in the next few days or we should cut down on back-door spending.

I repeat that the Congress has authorized back-door spending programs greatly in excess of the debt ceiling, which certainly is fiscal irresponsibility, and all the while our President has pledged to maintain a stable economy. It certainly would not be stable if a crisis arose and the Congress had to be called in special session after adjournment in order to again raise the debt limit.

I am not going to introduce amendments to change the method of financing these programs, because I realize it would just be futile and when the conference report came back there would be nothing gained. I do, however, raise my voice in protest.

As I have said before, I do not want to disrupt existing programs. Rather, I favor a return to fiscal sanity on new programs.

As our Government enters fiscal year 1962, it becomes more and more apparent that we will have a substantial budget deficit. I view the Kennedy 1962 budget requests as calling for a \$90 billion plus budget, or \$9 billion over President Eisenhower's 1962 recommendations. More increases are in prospect. There may be an upsurge in revenue, but of this I am sure, there will be no control over the finances of the Nation in 1962 and in the years ahead unless we adhere to the constitutional procedure of appropriations with an annual justification and review for every program.

Most earnestly, Mr. Chairman, I urge my colleagues to consider this situation and join with me somewhere, somehow, in putting a stop to new programs financed by public debt transactions.

The mutual security program and this housing bill together total some \$17 billion in back-door spending. By these two bills the executive branch would obtain control and authority over how this money is spent. How can the elected representatives of the debt-ridden taxpayers, in all conscience, abrogate their responsibility in this way?

At least, when the foreign aid bill comes up for consideration as a new program, I hope that it will be amended to conform with the appropriations process.

Meanwhile, day in and day out, like a voice in the wilderness, I raise my voice in protest, as I do today and whenever an appropriate occasion arises. I say back-door spending is wrong; I say that I, for one, and I know many others also, will never cease to oppose it until we succeed.

Mr. Chairman, I urge all Members of the House who feel as I do and who oppose backdoor spending to take this to heart.

Mr. McDONOUGH. Mr. Chairman, I have no further requests for time and yield back the balance of my time.

Mr. RAINS. Mr. Chairman, I have no further requests for time and ask that the Clerk read.

The CHAIRMAN. Pursuant to the rule, the Clerk will now read the substitute amendment printed in the reported bill as an original bill for the purpose of amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Housing Act of 1961".

Mr. McDONOUGH. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore, Mr. ALBERT, having assumed the chair, Mr. BOGGS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 6028) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, had come to no resolution thereon.

MEMBERSHIP OF COMMITTEE ON INTERIOR AND INSULAR AFFAIRS AND COMMITTEE ON SCIENCE AND ASTRONAUTICS

Mr. McCORMACK. Mr. Speaker, I offer a resolution (H. Res. 355) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That during the Eighty-seventh Congress, the Committee on Interior and Insular Affairs shall be composed of thirty-three members and the Committee on Science and Astronautics shall be composed of twenty-eight members.

The SPEAKER pro tempore (Mr. ALBERT). The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

REENACTMENT OF BATTLE OF FIRST MANASSAS

Mr. HARDY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1342) to provide that participation by members of the National Guard in the reenactment of the Battle of First Manassas shall be held and considered to be full-time training duty under section 503 of title 32, United States Code, and for other purposes.

The Clerk read the title of the bill. The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. CONTE. Mr. Speaker, reserving the right to object, has this matter been cleared with the minority side?

Mr. HARDY. It has been cleared on the minority side with the gentleman

Digest of CONGRESSIONAL PROCEEDINGS

OFFICE OF
BUDGET AND FINANCE

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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HIGHLIGHTS: House passed housing bill. Rep. Michel criticized "secrecy" on certain REA loan applications. Senate subcommittee approved general Government matters-Commerce appropriation bill.

SENATE

1. SURPLUS GRAIN. Passed as reported S. 614, to permit the States in emergency situations to obtain grain from CCC to prevent starvation of resident game birds and other resident wildlife. The bill includes a committee amendment to also authorize the Secretary of the Interior to obtain CCC grain to prevent starvation of migratory birds. p. 10271
2. PUBLIC LANDS. Passed without amendment H.R. 6422, to authorize an exchange of public lands (including land now a part of the Dixie National Forest) at the Cedar Breaks National Monument, Utah. This bill will now be sent to the President. pp. 10270-1
3. WATER POLLUTION. Passed with amendments H.R. 6441, to extend the authorization for grants to States and interstate agencies to assist them in meeting the costs of establishing and maintaining adequate water pollution control measures, after substituting the language of a similar bill, S. 120, as amended. Conferees were appointed. pp. 10265-7, 10272-82
3. GENERAL GOVERNMENT MATTERS AND COMMERCE APPROPRIATION BILL, 1962. A subcommittee of the Appropriations Committee approved for full committee consideration this bill, H.R. 7577. p. D494

4. TAXATION. Passed without amendment H. R. 7446, to provide a 1-year extension of existing corporate normal-tax and of certain excise-tax rates. This bill will now be sent to the President. pp. 10242, 10251-2, 10259-63
5. FEED GRAINS. Both Houses received from this Department a report on the 1961 feed grains program. pp. 10240, 10363
6. FOREIGN AID. Sen. Williams, Del., submitted an amendment he intends to propose to S. 1983, the foreign aid bill, which he stated would "designate the Secretary of the Treasury to have sole responsibility for accounting and evaluation with respect to all foreign currencies or credits owed to or owned by the United States." pp. 10267-8
 Sen. Fulbright inserted an article, "Handicaps of the Foreign Aid Proposal, and a letter from Secretary of the Treasury Dillon defending the President's proposal for authority to borrow funds from the Treasury over a 5-year period for the foreign aid program. pp. 10245-6
7. TEXTILE IMPORTS. Sen. Thurmond referred to a recent conference on international trade of textile products under the direction of George W. Ball, Under Secretary of State for Economic Affairs, and stated that "at this meeting, those of us in attendance learned what I had been suspecting for some time-namely, that instead of trying to decrease imports, Mr. Ball and his State Department trade "experts" are determined to increase imports, to the further detriment of the domestic textile industry and its thousands of jobs." pp. 10248-51
8. ADJOURNED until Mon., June 26. p. 10284
9. EDUCATIONAL EXCHANGES. As reported (see Digest 99) S. 1154, the proposed Mutual Educational and Cultural Exchange Act of 1961, continues authority for U. S. participation in international fairs and expositions and authorizes the President to reserve any foreign currencies acquired under Public Law 480, over such periods of time as he determines, and to use such foreign currencies within limits established by Congress, for educational and cultural exchanges. The committee report includes the following statement regarding the use of foreign currencies: "Under S. 1154, appropriations are authorized on an 'available until expended' basis, and there is reaffirmation that all sources of foreign currencies may be utilized, subject to appropriations. In addition there are provisions which could stimulate less restricted use of such funds; for example, by employing U. S.-owned currencies of one foreign country in a 'third country.'"

HOUSE

10. HOUSING; FARM LOANS. By a vote of 235 to 178, passed with amendments H. R. 6028, the omnibus housing bill. Then passed a similar bill, S. 1922, substituting the language from H. R. 6028, as amended. House conferees were appointed. pp. 10288-312, 10313-51, A4685-6. (For provisions of interest to this Department, see Digest 95.)
 Agreed to amendments by Rep. Marshall to make the pay of committeemen comparable with that for other work which they perform in carrying out Farmers Home Administration activities, and to prohibit committee members from having any responsibility for appraisals. pp. 10342-3
 Rejected, 164 to 197, an amendment by Rep. McDonough authorizing a one-year housing program of more limited scope. pp. 10288-301

11. APPROPRIATIONS. The Appropriations Committee was granted until midnight tonight, Fri., June 23, to file a report on the defense appropriation bill. p. 10287

House of Representatives

THURSDAY, JUNE 22, 1961

The House met at 12 o'clock noon.
The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

The prayer of King Solomon, I Kings 3: 9: *Give Thy servant an understanding heart to judge Thy people, that I may discern between good and bad.*

Eternal God, in whom our life finds its source of power and the secret of all hope, grant that daily we may receive the insight that discerns Thy ways and the inspiration that renews our strength to walk in them.

Bestow upon us the blessing of Thy companionship and consolation when our hearts are wounded and desolate by reason of some bitter sorrow and our very faith seems to be eclipsed by the dark clouds of fear and foreboding.

Enable us to bear our trials and tribulations with such a strong and intrepid confidence that all with whom we come into contact may see and know that we are being sustained by Thy grace.

May we be coworkers in attaining unto a noble life and comrades in the task of encouraging mankind to hold with tenacity and perseverance those precepts and principles which are incumbent upon all alike.

Hear us in the name of our blessed Lord in whom Thou hast revealed Thy mind and heart. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 1441. An act for the relief of certain aliens;
H.R. 1642. An act for the relief of Mrs. Lilyan Robinson;
H.R. 1677. An act for the relief of Ellie Hara;
H.R. 1710. An act for the relief of Narinder Singh Somal;
H.R. 1717. An act for the relief of Angelo Li Destri;
H.R. 1718. An act for the relief of Jaime E. Concepcion;
H.R. 1860. An act for the relief of Jovenal Gornes Verano;
H.R. 1888. An act for the relief of Tomislav Lazarevich;
H.R. 2152. An act for the relief of Mrs. Francisca Hartman;
H.R. 2351. An act for the relief of Hans Hangartner;
H.R. 2671. An act for the relief of Giovanna Bonavita;
H.R. 2991. An act for the relief of Joseph Maz;
H.R. 3146. An act for the relief of Jozef Gromada;

H.R. 4023. An act for the relief of Mieczyslaw Bajor;

H.R. 4201. An act for the relief of Evangelia Kurtales;

H.R. 4482. An act for the relief of Urszula Sikora, Radoslav Vulin, and Desanka Vulin; and

H.R. 5416. An act to include within the boundaries of Joshua Tree National Monument, in the State of California, certain federally owned lands used in connection with said monument, and for other purposes.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 19. An act for the relief of Mrs. Takimi Yamada;

S. 146. An act to extend and increase the special milk program for children;

S. 231. An act for the relief of Helga G. F. Koehler;

S. 332. An act for the relief of Franciszek Roszkowski;

S. 491. An act for the relief of Emmanuel Epaminondas Skamangas;

S. 1007. An act for the relief of Sara Mishan;

S. 1100. An act for the relief of Sang Man Han;

S. 1405. An act for the relief of Aram Fayda and his wife, Elena Fayda;

S. 1432. An act for the relief of Shau Ying Lin, and her children, Gee Chek Lin, Gee Ming Lin, and Gai Fong Lin;

S. 1549. An act for the relief of Leonarda Cocuzza;

S. 1576. An act for the relief of Wen Nong Wong;

S. 1645. An act for the relief of Clarinda da Veiga;

S. 1673. An act for the relief of Blagoje Popadich;

S. 1785. An act for the relief of Eduardo Giron Rodriguez;

S. 2051. An act to afford children of certain deceased veterans who were eligible for the benefits of the War Orphans Educational Assistance Act of 1956 but who, because of residence in the Republic of the Philippines, were unable to receive such assistance prior to enactment of Public Law 85-460, additional time to complete their education;

S. 2083. An act to correct a technical inaccuracy in the Act of May 19, 1961 (Public Law 87-36); and

S. 2113. An act to amend the Soil Bank Act so as to authorize the Secretary of Agriculture to permit the harvesting of hay on conservation reserve acreage under certain conditions.

The message also announced that the Senate had passed a resolution, as follows:

SENATE RESOLUTION 148

Resolved, That the Senate does not favor the Reorganization Plan Numbered 1 of 1961 transmitted to Congress by the President on April 27, 1961.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 277. An act for the relief of Erica Barth; and

S. 1343. An act for the relief of Dr. Tung Hui Lin.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 610) entitled "An act to strengthen the domestic and foreign commerce of the United States by providing for the establishment of a U.S. Travel Service within the Department of Commerce and a Travel Advisory Board."

CORRECTION OF ROLL CALL

Mr. HECHLER. Mr. Speaker, on roll-call No. 92 I am recorded as being absent. I was present in the Chamber and answered to my name, and I ask unanimous consent that the permanent RECORD be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1962

Mr. ANDREWS. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight Friday night to file a report on the bill making appropriations for the Department of Defense for the fiscal year ending June 30, 1962.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. FORD reserved all points of order on the bill.

CALL OF THE HOUSE

Mr. ARENDS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. MCCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll and the following Members failed to answer to their names:

[Roll No. 94]

Buckley	Grant	Norrell
Cederberg	Gray	Powell
Coad	Green, Oreg.	Rivers, Alaska
Davis, Tenn.	Hosmer	Roberts
Dingell	Kearns	Roosevelt
Dominick	Kilburn	Tupper
Flynt	Laird	Van Pelt
Forrester	Merrow	Young

The SPEAKER. On this rollcall 412 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

ANNOUNCEMENT

The SPEAKER. Those committees or subcommittees that think they have permission to sit during the session of the House this afternoon do not have it because that permission is hereby revoked.

HOUSING ACT OF 1961

Mr. RAINS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 6028) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 6028, with Mr. Boggs in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday the Clerk had read section 1 of the committee substitute beginning line 5, page 58.

Mr. McDONOUGH. Mr. Chairman, I offer an amendment in the form of a substitute.

The Clerk read as follows:

Substitute amendment offered by Mr. McDONOUGH of California:

Strike out all after the enacting clause and insert the following: "That this Act may be cited as the 'Housing Act of 1961'."

"FHA INSURANCE PROGRAMS

"SEC. 2. (a) Section 2(a) of the National Housing Act is amended by striking out in the first sentence '1961' and inserting in lieu thereof '1962'.

"(b) Section 203(a) of such Act is amended by striking out the colon and all that follows the colon and inserting in lieu thereof a period.

"(c) Section 217 of such Act is amended—
"(1) by striking out 'all mortgages which may be insured' and inserting in lieu thereof 'all mortgages and loans which may be insured';

"(2) by striking out 'shall not exceed' and the remainder of the first paragraph and inserting in lieu thereof the following: 'after October 1, 1962, shall not exceed the sum of (1) the outstanding principal balances as of that date of all insured mortgages and loans (as estimated by the Commissioner based on scheduled amortization payments without taking into consideration prepayments or delinquencies), and (2) the principal amount of all outstanding commitments to insure on that date.';

"(3) by inserting 'after October 1, 1962' before the period at the end of the first sentence in the third paragraph; and

"(4) by striking out 'hereafter' in the second sentence of the third paragraph and inserting in lieu thereof 'after that date'.

"(d) Section 803(a) of such Act is amended by striking out '1961' and inserting in lieu thereof '1962'.

"DIRECT LOANS FOR THE ELDERLY

"SEC. 3. Section 202(a) (4) of the Housing Act of 1959 is amended by striking out '\$50,000,000' and inserting in lieu thereof '\$100,000,000';

"URBAN RENEWAL CAPITAL GRANT AUTHORIZATION

"SEC. 4. Section 103(b) of the Housing Act of 1949 is amended by striking out the first sentence and inserting in lieu thereof the following: 'The Administrator may, with the approval of the President, contract to make grants under this title aggregating not to exceed \$2,000,000,000. In addition to amounts authorized under the preceding sentence, there is authorized to be appropriated for the purpose of making contracts, after appropriations therefor, for grants under this title, the sum of \$500,000,000; and amounts so appropriated shall remain available until expended.'

"COLLEGE HOUSING LOAN AUTHORIZATION

"SEC. 5. Section 401(d) of the Housing Act of 1950 is amended by striking out the first colon and all that follows and inserting in lieu thereof the following: ', which amount shall be increased on and after July 1, 1961, by such amounts, not exceeding \$300,000,000 in the aggregate, as may be specified from time to time in appropriation Acts: *Provided*, That the amount outstanding for other educational facilities, as defined herein, shall not exceed \$175,000,000, which limit shall be increased on and after July 1, 1961, by such amounts, not exceeding \$30,000,000 in the aggregate, as may be specified from time to time in appropriation Acts: *Provide further*, That the amount outstanding for hospitals, referred to in clause (2) of section 404(b) of this title, shall not exceed \$100,000,000, which limit shall be increased on and after July 1, 1961, by such amounts, not exceeding \$30,000,000 in the aggregate, as may be specified from time to time in appropriation Acts.'

"AUTHORIZATION FOR PUBLIC FACILITY LOANS

"SEC. 6. Section 203(a) of the Housing Amendments of 1955 is amended by inserting after '\$150,000,000' the following: 'which limit shall be increased by such amounts, not exceeding \$50,000,000 in the aggregate, as may be specified from time to time in appropriation Acts.'

"FARM HOUSING LOANS

"SEC. 7. Sections 511, 512, and 513 of the Housing Act of 1949 are each amended by striking out '1961' and inserting in lieu thereof '1962'.

"VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

"SEC. 8. Section 610(a) of the Housing Act of 1954 is amended by striking out '1961' and inserting in lieu thereof '1962'."

(Mr. McDONOUGH asked and was given permission to revise and extend his remarks.)

Mr. McDONOUGH. Mr. Chairman, those of you who were here during general debate have heard the details of the bill before you thoroughly explained. It is a bill that incorporates many things that we have heretofore not experienced in financing under FHA and in appropriating funds under the previous housing acts. It is a 4-year bill, and the amounts for the various agencies of the Housing Administration are consequently increased not four times in some cases but many more times than will be required for 4 years.

There is no limitation so far as the bill before you is concerned as to how soon these sums could be committed. Although it is a 4-year bill many of the funds could be committed within 6 months after the bill is passed.

This substitute provides a 1-year housing bill. You may hear that this is suddenly thrust upon the Congress, that we have not had a chance to consider it, that there have not been adequate hear-

ings on it, and so forth. But there have been adequate hearings on this substitute, because there is nothing in this substitute that is not in the bill before you. All the features of the bill before you have been thoroughly gone over and all of the agencies that are provided with moneys for a 4-year operation are in this substitute provided moneys for a 1-year operation.

It has been variously estimated that the bill that was debated yesterday would carry an obligation of some \$9 billion in total moneys that we would be obligated for if we assumed 100,000 public housing units that are included in it. A comparison between that and the substitute before you would show a difference of about \$7.5 billion. This substitute will obligate the Government for not more than approximately \$1.1 billion, while the bill before you will obligate the Government for more than \$9 billion and would subordinate the authority of the Congress from any further consideration of housing bills for another 4 years.

In other words, title I, for home repair and improvement insurance would be included in this substitute. The FHA mortgage insurance authorization is also included.

The Capehart military housing program is included in this substitute. The elderly housing direct loan program would be provided an additional \$50 million of loan authority.

The urban renewal grant authorization would be increased by \$500 million. The bill before you is asking for \$1.2 billion. The college housing authorization program is increased by \$300 million.

On urban renewal the bill before you is asking for \$2 billion. For college housing they are asking \$1.2 billion. The public facilities loan program—that is, the community facilities program—is increased by \$50 million. And, incidentally, that is the amount that the administration asked for, but the committee increased it to 10 times that amount. The bill before you calls for \$500 million and this substitute calls for \$50 million.

Let me say that I know I am not informing you of anything. I am sure you will agree that if we had \$2 billion in here for community facilities you would have orders from the cities and the States asking for that money. If you had \$5 billion for college housing you would have demands for it. If you had twice the amount for urban renewal you would have demands for it.

If the Federal Government is going to adopt the grandiose idea of offering the taxpayers' money to the various States and counties under subsidized interest rates, or low interest rates, and long terms, I do not know how carefully those terms will be abided by. But over the years they say they have been rather conscientious in repaying them.

The CHAIRMAN. The time of the gentleman from California [Mr. McDONOUGH] has expired.

(Mr. McDONOUGH asked and was given permission to proceed for 5 additional minutes.)

Mr. McDONOUGH. Mr. Chairman, I do not want to leave the subject of this substitute without the Committee having

full knowledge of what it contains. I think we have to consider the responsibility of fiscal order in the administration of this Government. We are going to have to vote on an increase in the national debt next week, by another \$5 billion. We have passed bills to retain taxes that we thought we were going to be able to repeal. We are getting down in deficit spending to the point where the value of the dollar is declining rapidly.

This bill before you is an encouragement to the cities and the counties to subordinate their authority to the Federal Government by asking for funds to do things that they say they cannot do for themselves.

Do you know that in addition to the urban renewal we are now financing in the country there are millions of dollars of urban renewal going on as a result of large office buildings and shopping centers being constructed under private enterprise in certain areas, where homes, even desirable homes, are being purchased and removed to make room for these improvements? These things are done under private enterprise. We have increased the grants and loans under urban renewal to the point that we are now obligated up to more than \$2 billion, and this adds \$2 billion to that amount.

This substitute provides for \$500 million for continuing urban renewal, but not the \$2 billions asked for. The community facilities are taken care of.

I appeal to your sense of reason, your sense of economy, your sense of responsibility to support this substitute because no one is going to be injured if the substitute passes and the present bill is defeated. If the present bill is passed we are simply saying to the country that here is a 4-year program to spend approximately \$9 billion if all of the features of the bill are implemented and taken up by the cities, the counties, and the States.

Mr. RAINS. Mr. Chairman, I rise in opposition to the substitute amendment.

Mr. Chairman, I have been around here for a good many years, but, very frankly, this is the most incredible maneuver affecting a substitute that I have ever been confronted with. It has been kept some kind of secret. It has not even been printed as of now. It was slipped out by the rumor factory to various reporters and even the reporters apparently were not given the details of it. It is brought here before the Congress of the United States dealing through its committees and suddenly read and described for barely 8 minutes by one Member, and it is suggested that you throw in the trash can the long months of hard toil of one of your hardest working committees, and that you throw away entirely the recommendations of the administration and President Kennedy.

I assume the sponsors of the amendment could not have much hope that it had any possible way of passing, because there is not a man sitting here today, including myself, and I keep up with it very well, who knows what is in it.

I will tell you what I understand the substitute will do. It cuts out of the bill every single item in which my southern

colleagues are interested, and I lay that on the line. It cuts out of the bill the items in which the Far West is interested. It completely robs the bill of any semblance of being a housing bill, because time after time I have heard the mayor of the great city of Los Angeles, a close personal friend of the distinguished gentleman from California, occupy the witness stand before my committee and say that the main thing that urban renewal needs is a continuing authority so that cities can plan ahead.

Yet, a distinguished Congressman from that great city seeks to limit urban renewal to a 1-year operation.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I decline to yield, I did not interrupt the gentleman.

Mr. McDONOUGH. That is a defeated mayor that you are talking about.

Mr. RAINS. Yes, and I understand he was defeated by a Democrat—that is a good trend.

The idea here is to cut down, for instance, the farm housing program. I did not get to mention that yesterday. I do a lot of work and toil for the great cities of this country as a Member of Congress, and I hail from a small town, as you Members know. But, one of the things I think you should not forget is that there are more slums, and I measure my words, on the farms of America than there are in the cities of America, and the best we have ever been able to do for them is a program through the Farmers Home Administration which was strangled to death by the preceding administration.

Today, we have put back in this bill some money to be used for the Farmers Home Administration to help farmers get low cost, well built homes. Yet, this substitute would cut it to practically nothing. The result being, if you adopt the substitute, you are going to kill for all intents and purposes the 4-year program for the farmers of this country for farm homes.

Let me tell you something about it. Somebody said "Will the farmers pay for the loans?" They are 116 percent overpaid. The program does not cost the Government a dollar. Yet, my good friend from California, for some mysterious purpose, would deny those of us who hail from the rural regions any consideration at all in his great secretive substitute amendment. This substitute is not meant to be a housing bill—it is actually meant to be an insult to the people who think we ought to have some type of program to meet the housing needs of the people of America.

One other thing, Mr. Chairman. I have been, as I said yesterday, a little bit amazed at the heat that was put on the so-called 40-year loan.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. RAINS. Mr. Chairman, I ask unanimous consent that I may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. RAINS. Mr. Chairman, I am not going to argue the pros and cons of the 40-year loan now because, actually, we have two or three 40-year programs in the law now, and they have been in the law for a long time and they are going along well. In any case for reasons I explained yesterday if the substitute, if it may be called that, is voted down, and I certainly trust that it will be voted down, I intend to offer an amendment to reduce the 40-year loan to a 35-year loan with a 3-percent downpayment, which will put it in line with other FHA loans. When that is done, then I cannot understand how anyone could oppose that kind of straight private enterprise mortgage loan system to help people in the \$4,000 to \$6,000 group.

Mr. Chairman, it is absolutely essential then, if we are really going to work on the housing bill, that has had arduous and careful study and consideration, that we vote down the amendment or the substitute and then get to whatever amendments we ought to put in the committee bill. I respectfully request that the Committee of the Whole uphold the hand of your committee and then, if you want to vote for amendments to the committee bill, that would be the proper procedure, and I would greatly appreciate it.

Mr. Chairman, I yield back the balance of my time.

Mr. WIDNALL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of the committee substitute, because I think it will more than adequately take care of the necessary housing needs of the United States, of the proven programs and the needed funds for those programs, and will maintain within control of the Congress the power of review of operation of the programs as they progress.

I would like to call the attention of the distinguished chairman of the subcommittee to the fact that in the past we have offered substitute bills that have been printed well in advance, available to all Members of the House, yet we have always been met with the excuse that there was no opportunity to study the bill even when the substitute bill has been based on exactly the same information produced before the committee, like this one, available to all. It does not change an existing program, and it meets the needs that we require at this time.

I want to read for the RECORD what is in the substitute, summarized so that everybody can understand.

First. The FHA title I home repair and improvement insurance authority would be extended for 1 year.

Second. The FHA mortgage insurance authorization would be extended for a period of 1 year.

Third. The FHA Capehart military housing program would be extended for 1 year.

Fourth. The elderly housing direct loan program would be provided an additional \$50 million of loan authority.

This is important. That was the amount requested by the administration.

Fifth. The urban renewal grant authorization would be increased by \$500

million to provide for a 1-year program.

In the current bill there is \$2 billion which is supposed to be for 4 years, so how is urban renewal being gutted if we give exactly the same amount for the first year as was in the committee bill presented to the Congress?

Sixth. The college housing loan authorization would be increased by \$300 million to provide for a 1-year program.

Seventh. The public facility loan program would be granted an additional \$50 million of loan authority to provide for a 1-year program. This was the amount of increase requested by the administration.

Eighth, and this is important, I would say to the gentleman from Alabama. The gentleman just made what I believe was an incorrect statement to the House when he called upon his southern colleagues to realize that the farm housing program had been gutted.

Ninth. The farm housing loan program would be extended for a 1-year period through reviving loan authorization otherwise expiring June 30 of this year. The amount available would approximate \$207 million. The administration did not request any additional increase.

Mr. HALLECK. Mr. Chairman, if the gentleman will yield, I hope the Members will pay attention to this for it relates to the matter of rural operations about which the gentleman from Alabama talked just a moment ago.

Mr. WIDNALL. Tenth, the substitute would extend the voluntary home mortgage credit program for 1 year.

In all cases where there are new authorizations of funds, the authorizations would require approval of the Appropriations Committee before funds could be committed by contract or before funds could be withdrawn from the Treasury. In other words, the substitute completely eliminates back-door spending.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

By unanimous consent, Mr. WIDNALL was allowed to proceed for 5 additional minutes.

Mr. WIDNALL. Mr. Chairman, on June 20, 1961, the distinguished chairman of the Housing Subcommittee inserted on pages 10114-10116 of the RECORD a list of applications pending in the Urban Renewal Administration central office for which funds are not available as of June 9, 1961. The statement was made by the gentleman from Alabama that the fate of these new projects "depends on prompt approval" of this housing bill.

My staff has had an opportunity to review only the applications in regions I and IV, and we find some amazing evidence.

For example, there is a total of 27 project applications in 22 cities in region I, which comprises all of the New England States and New York. The total dollar volume of applications is \$109,571,368, according to the RECORD.

However, according to the December 31, 1960 Urban Renewal Project Directory, 12 of these 22 cities already have a total of 45 projects the funds for which were earmarked or contracted for in past

years. These projects represent a total of \$138,485,105—money which, according to the latest available URA Directory, still remains undisbursed.

In region IV, comprising Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin, there are 23 project applications pending in 19 cities, representing a dollar amount of \$40,241,417. However, 15 of these same cities have already received urban renewal contracts for 59 projects and of the money involved \$161,832,198 remains undisbursed.

The city of Chicago is listed as having an application for three projects involving almost \$3 million in capital grants. Yet, Chicago has now pending 25 projects involving \$86,424,075, which still remains undisbursed.

One must wonder, therefore, why the rush to approve a 4-year bill. Certainly the facts do not substantiate the allegation that the urban renewal program will be retarded if the Congress enacts a 1-year housing bill.

Mr. Chairman, may I say to my colleague from Alabama [Mr. RAINS], that many members of the House Banking and Currency Committee have thought for months it would be great wisdom if our subcommittee would look into the misuse and abuse of funds in the urban renewal program. We have not done that, we have not accepted the challenge that is there for us from the evidence that has been submitted to the committee and that which has appeared in the press.

I take as a typical example an article which appeared in the New York Times of June 10, 1961, headlined, "Gracious Living in Tuxedo Park Aided by Urban Renewal Grant."

Tuxedo Park has for years been known as the spot where only the wealthy could live. It has gracious living, it is a beautiful place, there are no slums in Tuxedo Park, yet \$5,000 is now being given Tuxedo Park so that gracious living may continue. Is that the original purpose of urban renewal?

Mrs. ST. GEORGE. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentlewoman from New York.

Mrs. ST. GEORGE. I want to point out to the gentleman from New Jersey who I think does know Tuxedo Park slightly at least that he has been grossly misinformed if he thinks it is a home of the wealthy. I can show him that that \$5,000 is as badly needed there as at any other place in the country.

Mr. WIDNALL. An attitude is being built up that creates in the minds of the people back home a desire to have the great white father in Washington solve all of their problems. A Republican mayor in my district sent word to the school board in that district advising them not to go ahead with any school projects until they have received the money from Washington. They were perfectly able and capable of taking care of their own needs.

In the same way a city in my district participated in the water pollution program and received \$125,000 from the Federal Government. It prides itself in advertising that it is the wealthiest city per capita of any in the United States.

This program was never intended for municipalities with the wealth that municipality has. I think it is dangerous to encourage this type of thinking. Yet we are doing it and making it a wide-open grab bag when we try to provide \$500 million more for subsidized community facility loans in the committee bill for this purpose.

The \$50 million in the substitute bill is perfectly adequate. That was in the Kennedy administration request. And, I believe, the responsible action of the Congress will be to vote for and enact the substitute.

Mr. CLEM MILLER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I wish to address myself to the 40-year mortgage program. I believe that section of the substitute deleting the 40-year mortgage certainly is most wrong. The 40-year mortgage is being looked on with a great deal of favor by builders throughout the country. To many builders, this section gives the greatest promise. I know that this is being described as a builder's bill, but I would like to ask my colleagues, What is wrong with a builder's bill if it does no harm to any segment of our economy? If it does no harm to the taxpayers of this country, or the U.S. Government, or to homebuyers or lenders, why should we not assist the builders? Homebuilding at the present time is in the doldrums. For the California area I am familiar with there is no activity at all. Take a builder who customarily puts up 2,000 homes in 6 months, the last 6 months built only 250. This is a typical sample. Homes are not moving, prospects are poor, and buyers are not buying.

The provisions in this bill do not hurt the U.S. Government. The experience gained during the last several years with 40-year mortgages has shown a loss of less than one-half of 1 percent for the United States. Second, the lenders do not have to lend to anyone if they do not wish to, so they are not going to be hurt. Third, buyers are not going to be hurt. They are not going to be hurt because they will have a chance to own a home rather than a drawer full of rent receipts. In fact, the buyer will be benefited. He will be able to buy a better house than he can rent at a lower price than his rent money. Let us look at this a moment. The 40-year mortgage will save a buyer \$7.50 a month over what he would have to pay at the present time. He could qualify for a new home with a lower salary, lower by \$40, than he can now qualify. It means, in total, that a family can live in a new house for \$90 a month, when used, inferior shelter units for comparable income families will be renting for \$115, which is more than this income bracket should be paying out for shelter.

I must say with regret that the 35-year, 3-percent downpayment plan proposed is not going to help anyone. It is not going to lower the downpayment which must be paid today to any significant degree. It must be realized that homeowners now pay a substantial amount to move into a \$15,000 house—\$750 to \$1,000. Tack the downpayment

on top of that, and the total is \$1,500. Buyers cannot stand it, so I must conclude that the proposed amendment will do the industry no good, and make no new home buyers. I say this 40-year program does not hurt the lenders; it does not hurt the buyers; it does not hurt the U.S. Government, and it certainly helps the builders. I say, therefore, it should be included in this bill.

Mr. DERWINSKI. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, there seems to be the usual confusion here this afternoon. The gentleman from California [Mr. MILLER] who preceded me, I presume, was speaking for the bill and against the substitute; yet I judge from his remarks as I listened that he really should be on the side of those of us who are supporting the substitute.

For example, the gentleman referred to the 40-year no-downpayment plan. The mystery about this bill before us is that, as I understand, there will not be a 40-year no-downpayment plan any longer.

The gentleman from Alabama [Mr. RAINS], in speaking against the substitute, referred to the mystery of the substitute. There is more mystery in the bill before you than there is in the substitute that we advocate. First of all, the bill before you calls for a 40-year no-downpayment provision. Somewhere in the Committee of the Whole you are going to be offered a change; we do not know what it is. We who served on the Housing Subcommittee and the full committee of the Committee on Banking and Currency were not advised as to these changes. The changes will come at this point.

The bill before you calls for an open-space program, and somewhere along the line we are going to get an amendment to change that language.

I still do not know, and you do not know if we are going to get language to change the dollar amount involved. If there is a mysterious bill before the House, it is the bill as approved by the Banking and Currency Committee, and not the bill that we intend to perfect by means of this solid, substantial substitute.

The gentleman from Alabama [Mr. RAINS] I am sure, without intending to do so, added to the possible confusion that exists by saying that the purpose of the substitute was to gut the bill. This is technically impossible because when the House adopts the substitute, as we hope in its wisdom it will, obviously we have to go to conference. We are not gutting that bill. We are going to conference with the Senate bill. You are going to have a substantial House bill. This substitute offered by the gentleman from California [Mr. McDONOUGH], is a good, solid, substantial congressional housing bill.

I would like to remind the House that we are going to be in session in 1962. We are not going to be back home in the slums of the little villages, which the gentleman from Alabama so eloquently described. We will be here representing the people who elected us.

Under the committee bill you are abdicating your responsibility in the field

of housing for 4 years. Basically what we do with this substitute bill is give you a chance year after year to review the housing program, to come up with a substantial housing program in order to do the things that are actually needed. This is a program of responsibility. This is a responsible, sound housing proposal.

An awful lot has been said in the last few days about the condition of the Federal Treasury with reference to the deficit and national debt. The Secretary of the Treasury in recent days was quoted as predicting a budget surplus in fiscal 1963 and 1964 in anticipation of a certain boom in the economy. However, he added a word of caution; namely, that this anticipated budget surplus depended upon the action of the Congress in providing \$831 million in postal rate increases. I mention this because this morning the Committee on Post Office and Civil Service, a committee dominated by the majority party, gutted the administration's postal rate increase, adding to the deficit of 1961, 1962, 1963, and 1964, and possibly many other years. I point this out because here again in 1961 as we debate this housing bill, all we are asking you to do in the substitute bill, as responsible Members of the House of Representatives, is to take an annual look at the program. We have given you a good, substantial bill. It is deserving of support. It is completely nonpolitical. It is a bill that every Member of the House could actually be proud of having voted for.

I would hope, Mr. Chairman, that we would let politics go by the board and think of the taxpayers, the homeowners, the home building industry. Support this substitute and then you have got yearly congressional control and review of housing. You will have a progressive bill, and you will have actually done a good day's work here in the Congress.

Mr. BARRETT. Mr. Chairman, I move to strike out the requisite number of words.

(Mr. BARRETT asked and was given permission to revise and extend his remarks.)

Mr. BARRETT. Mr. Chairman, I rise in support of H.R. 6028, the Housing Act of 1961. This is probably the best housing bill reported to the floor since the basic Housing Act of 1949. I take deep personal pride in having played a role in the long legislative process which brings this bill to the floor today. Since we were blocked by the administration last year in our attempts to bring out a general housing bill, the bill before us really represents the product of at least 2 years of hard work in committee, investigations, and hearings. Mr. Chairman, I think both our Banking and Currency Committee and the Housing Subcommittee, of which I am proud to be a member, and the administration have every right to be proud of this great bill.

First, in general terms, this excellent bill should help stimulate our economic recovery to help us reach our objective of full employment. It will help us step up our fight on slums, provide housing for families of modest and low incomes, and generally improve the housing standards of the American people.

There are a number of provisions, particularly the liberalization of the FHA homeownership program, which should step up the rate of economic activity and cut down the ranks of the unemployed created by the last two serious recessions.

It is especially pleasing to me that the bill will give us the necessary funds as well as new weapons to help us in the unending fight on the terrible slum problem which affects Philadelphia as well as all other American cities.

Unfortunately, during the past administrations, our efforts to authorize an adequate supply of Federal funds for slum clearance grants were rarely successful. In the past we have usually only been able to obtain enough funds to keep going on a 1- or 2-year basis. It is most gratifying to us, Mr. Chairman, that the bill which we have reported authorized \$2 billion in Federal funds for slum clearance grants. Under this program the Federal Government pays two-thirds of the net cost of clearing slums with the city contributing the remaining one-third. For the first time we have given the slum clearance program the push it needs and I think we can confidently look forward to a more effective program in our cities to clean up slums and to rehabilitate our supply of existing housing.

Also, Mr. Chairman, I am extremely pleased that for the first time we have before us legislation which will provide the housing needed by our families of modest income. The bill does this in a number of important ways.

First, for our very lowest income families who are just unable to afford decent private housing, the bill would breathe new life into the low-rent public housing program. By restoring the unused units originally authorized in the Taft-Ellender-Wagner Act of 1949, the bill would permit the construction of approximately 100,000 units of low-rent public housing. Personally, I would like to see an even larger authorization because this is the only kind of housing that helps the lowest income families in our cities. We need at least this total to supply the housing needed by families displaced by urban renewal and highway building operations. But at least this is a strong step forward and is a far cry from the completely inadequate programs recommended by the preceding administration.

In addition to the increased authorization for low-rent public housing, the bill provides an entirely new program of rental housing for families of modest means whose incomes are a notch above the eligibility levels for public housing and yet too low to afford decent rental housing in the private market. This would be achieved by a new FHA rental housing program which would be supported by Government funds through the Federal National Mortgage Association's special assistance program.

Without going into the mechanics of how it would work, the end result would make available to nonprofit corporations and cooperatives the funds to build housing at rentals which people in these income brackets can afford. Under the program, loans would be made avail-

able at 3¼- to 3½-percent interest and for a term of 50 years. Because of the low interest rate and the long term, the sponsoring corporation or cooperative would be able to reduce rentals by as much as \$20 a unit per month. Mr. Chairman, this would really help us get at the heart of the housing problem in our cities. We have needed a program of this kind for many years and I am extremely proud that our long years of effort have finally paid dividends.

Another means of providing good quality housing to families of modest income is offered by the bill's provision which would permit families to buy FHA sales housing on extremely liberal terms. Under the bill any family—not just a family displaced by urban renewal—could obtain a 40-year FHA insured loan to buy houses up to \$15,000. Recognizing that many hard working families who have the ability to repay a mortgage loan nonetheless have modest cash resources, the bill would enable them to obtain these houses with a 40-year loan with only a \$200 cash downpayment required. The 40-year term would permit lower monthly financing charges and taken together with the ability to buy with a cash payment not exceeding \$200, this new program should help thousands and thousands of American families of modest means for the first time to enjoy the benefits of homeownership.

Mr. Chairman, I am also pleased that another provision of the bill would provide additional funds for the program of housing for elderly families which we succeeded in authorizing for the first time in the Housing Act of 1959. This program enables nonprofit corporations to build housing at rent levels which most of our senior citizens can afford. It permits 50-year loans at a 3½-percent interest rate, so that these corporations instead of charging \$70 or \$80 a month rent to senior citizens can charge \$50 or \$60 a month. We originally authorized \$50 million to get this program started and I am happy that the bill before us would increase the loan funds available to this most deserving program by an additional \$10 million.

Mr. Chairman, there is also an entirely new program designed to help families repair and rehabilitate existing housing which offers tremendous potential in helping to preserve and improve our huge stock of existing dwellings. Presently we have only available the FHA title I home improvement loan program. This program, of course, is quite helpful to families who want to modernize their kitchen or paint their house. But because these loans are of short term—normally 3 years—and carry a high interest rate—about 9½ percent—they are just not workable for more extensive repair and rehabilitation loans.

There has long been a gap in the field of rehabilitation financing and families have just been unable to obtain a long-term, low-interest loan to rehabilitate their homes with extensive repairs. Our subcommittee discovered the lack of financing for loans of this kind in past years and I am pleased that as a result of our recommendations the bill contains an entirely new program designed to get

at the roots of the problem. It would permit rehabilitation loans for as much as \$10,000 per dwelling unit for a term as long as 20 years. Special assistance support from the FNMA would be made available in urban renewal areas to make sure that the financing means are available. For the first time, Mr. Chairman, we will have an effective rehabilitation and home repair financing method which will allow families to improve their homes at a cost within the means of their family budgets.

Another provision in the bill deserving special comment would help small businesses uprooted by urban renewal operations to reestablish themselves. Displaced small business firms would be eligible for liberal loans—20-year term with a 3 percent interest rate—to reestablish their businesses through the Small Business Administration as is now provided for firms uprooted by floods, storms, or other natural disasters.

Another extremely important new program would for the first time authorize Federal grants to local governments to help them buy land for parks and recreational areas. These grants could cover up to 30 percent of the cost and the bill would authorize \$100 million for this purpose. Mr. Chairman, one of the most distressing problems in our cities is how to provide our children with the parks and playgrounds in which to play and develop. Too often our children are forced to play in the streets or alleys and this new provision would provide the means to assure that our communities will have the parks and recreational areas so essential to healthy community life.

Mr. Chairman, I have touched upon some of the outstanding features of this great bill. All of its titles meet extremely worthwhile objectives. It is a bill that will give the American people an opportunity to have the decent housing they need and it contains the tools to help our cities rebuild their slums. It is a bill truly in keeping with the national housing policy set forth in the Housing Act of 1949 which sets as our goal the realization as soon as feasible of a decent, safe and sanitary home for every American family.

Mr. Chairman, I strongly urge the passage of this outstanding housing bill which I am sure will stand as a landmark in the history of housing legislation.

Mr. Chairman, I yield to the gentleman from Wisconsin [Mr. REUSS].

(Mr. REUSS asked and was given permission to revise and extend his remarks.)

Mr. REUSS. Mr. Chairman, I oppose the substitute amendment because it would jeopardize one of the finest provisions of H.R. 6028—the language in title I—FHA section 221—which authorizes FHA mortgage insurance for the purchase of existing housing in modest neighborhoods by moderate income families.

Under title I, if the Rains amendment is adopted, such mortgages would carry a downpayment of 3 percent—including closing costs—of the purchase price. The limitations on the amount which can be insured would be \$11,000 for a

single family residence, with the amount increased to \$15,000 in high cost areas.

Title VI of the bill increases the special assistance authority of FNMA by a substantial amount. I have been assured by Mr. Hugh Miels, Jr., Assistant Administrator for Congressional Liaison, Housing and Home Finance Agency, that it is the administration's intention to use a portion of these special assistance funds in furtherance of that part of the section 221 program that is concerned with the purchase of existing homes. The committee report is to the same effect.

Why is the existing home mortgage insurance provision necessary? Under the FHA law as it has existed for many years, mortgage insurance cannot be obtained unless the home is in an area of "economic soundness." This has meant that most "gray areas"—decent residential neighborhoods which have begun to deteriorate but which may still be saved—have been found unacceptable to FHA underwriters. As was said in "The Exploding Metropolis," by the editors of "Fortune":

The Federal Government has to show much more understanding of the city's unique housing problems. * * * It needs to overhaul discriminatory rules by which its housing program has been encouraging private investment in suburbia and discouraging it in the city.

The existing housing mortgage insurance provision will greatly stimulate home ownership in older neighborhoods. It will be a great day when any American with the ability to meet mortgage payments can acquire a \$10,000 home, with plenty of room for his children, for a \$300 downpayment, including closing costs. By increasing the number of homeowners, we will increase the number of citizens with a tangible stake in the welfare of their community.

The provision will prevent the deterioration of decent neighborhoods into slums. Homeownership encourages the owner to keep up his home and his neighborhood. The high downpayments—often as much as \$5,000 on a \$10,000 home—which are now so often exacted in older neighborhoods not only cut down on homeownership. If the money for a downpayment can be found at all, it tends to absorb the homeowner's liquid assets for years to come and prevents his maintaining and improving his home.

The provision will widen the number of people able to purchase homes in older neighborhoods, and thus improve their market price and market value. In time, this will result in an improved tax base for our hard-pressed cities.

The provision will be particularly helpful to older people, who rattle around in houses far too big for them now that their families are grown, but who cannot sell because they cannot get a decent purchase price. The provision, by making it possible for families with children to get a home of needed size, will at the same time enable the older people to sell their homes without a sharp loss.

The provision will help minority groups, who tend to live within the central city, whether by wish or restrictive

practices. Finding the money for a large down payment is a principal handicap to home ownership by minority groups today.

The provision is substantially identical with an amendment which I proposed last year, and which was adopted in the Housing Act which passed the House, but died in the other body. The benefits of the proposal are well summarized in an editorial in the Dayton (Ohio) Daily News of January 22, 1960:

CITY EXODUS—FLIGHT OR PUSH?

Pointing with alarm at the national crisis being generated by urban sprawl has become fashionable. Rare, however, are those who offer a solution.

Representative HENRY S. REUSS, Democrat, of Wisconsin, strikes a refreshingly positive note when he urges a Federal mortgage program for buying or building homes in older urban centers.

Much of what has been described as a flight to the suburbs is not so much a flight as a push. Residents have been pushed out by Government credit partiality toward new suburban homes, and Representative REUSS' bill is aimed at this inequity.

As the prospective home buyer shops around, he discovers that he cannot get an FHA loan or a reasonable downpayment agreement for the house he would like to have fairly close to town, even though it is substantial and not very old.

Out along the overextended highways and utility lines, however, the Government-insured interest rates and low downpayments makes homes in new subdivisions attractively. City population is lured away from the central city.

Because new homes (except those in older sections) are so markedly favored over old homes, the metropolitan population is scattered in uneconomic land patterns. Good recreation and farm land is gobbled up unnecessarily. Central facilities and services are used less intensively.

Builders, meanwhile, have no incentive to erect homes in vacant city sites. Owners of city dwellings also face a dilemma. If they must move, they seldom can find a family that can afford the terms. They turn instead to investors who can afford high initial cost and who then crowd in as many tenants as the space and law permit.

The Reuss bill would eliminate a special class of privileged homeowners and builders. It also would remove one of the basic economic causes of urban sprawl and housing blight.

Mr. Chairman, I hope that the substitute amendment will be voted down, so that the bill's "existing homes" mortgage insurance provisions may take effect.

Mr. ALGER. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I take the floor only because I am forced to do so after listening to some of the comments. I have been hearing and reading the language of the committee bill.

For whatever it is worth to my colleagues, as a former realtor, builder, and land developer, I cannot agree that this language will accomplish the goals set out by the committee.

I wish there were time for me to develop at some length the fallacies of the urban renewal, public housing, community facilities back-door spending, but the other programs are doing that better than I think I could, anyway.

However, as to this 40-year loan, for any man to take the floor of this House and tell this Nation that is a good business proposition for whomever it may benefit, he is making a grave error. After paying for 20 years, these folks we would like to help would owe more on the house than the house would be worth on the market. This is just saddling on the back of the homeowner a tremendous load that is being paid in interest. It is directly contradictory to what the more radical Members of the House think they should do to help the little man or those in the middle brackets who would like to benefit by this bill.

I specifically want to devote my remarks to the open-space program. Look at some of the language here, and think of the severe problems that are being created to curb urban sprawl. Texas delights in urban sprawl, and we are going to keep on sprawling. How any Texan could be for a bill to prevent urban sprawl I cannot understand. To anybody who believes in the modern ranch-style type of living, where you can get a little room to play and let the kids enjoy themselves, this does not make sense.

Talk about long-range planning, they make grants on criteria the Administrator may establish, and who knows what they will be. Then they say that the local bodies must preserve a maximum of open space. The Dallas authorities know better how to do this than any agency we may set up here to tell Dallas what to do about land development.

If you believe in free enterprise, you believe in men going out and building communities that include churches, schools, and shopping centers. I have developed a small area of 80 acres that was planted to cotton and wheat, but no longer profitable for farming because the land was at the edge of Dallas. I saw that turned into an area of beautiful homes, where children played, where there were schools, churches, shopping centers, and so forth. You now turn over to the Federal Government the control of land that, in order to be well developed, must be developed by people who believe in free enterprise.

Some have said this is a builders' bill. I say it is a bill to destroy the builders. I just cannot believe it is your intention to absolutely destroy the segment of our economy that is represented by the building industry.

As to "conversions to other uses," I refer you to page 144 of the bill, were it is stated:

No open-space land for which a grant has been made under this part shall, without the approval of the Administrator, be converted to uses other than those originally approved by him.

Who is this kingmaker? Who is this man that is allwise, that will let the land be turned back to be developed at the local level?

I think this bill is a shame, and no credit to this body. I say that with all due credit to those members of the committee who think they are helping people. I think you are hurting people and destroying the possibility of aid to these people you say you would like to help.

Further, I want to join with those colleagues who wrote the minority report and those Members who have shown the fiscal irresponsibility of this housing bill.

As a former builder, I am aware more than most that this will not help the building industry. These are the tools of destruction of private enterprise. This bill will not help people secure better homes, rather it will make them dependent upon Government and assure slum-living conditions and, in time, respectable and respectful homeownership, the backbone of American family life, will be destroyed.

I just do not believe that Members of this body can conceive that this bill will help our citizens. Basically the tremendous increase of Federal spending means necessarily an increase in taxes and/or inflation of currency through deficit financing, which, in turn, will further handicap and hamper private enterprise in all fields of construction which, in turn, will mean more business failures, more unemployment, less production; indeed, less tax revenue for the Government.

Unfortunately, the expedient, temporary help given the building industry and the lending institutions through this bill will not help permanently, but will harm permanently, both our citizens and the building industry itself.

The increase of urban renewal by over \$2 billion increases the danger of the taking over of property under the power of eminent domain "for spiritual and esthetic reasons" as decreed by the Supreme Court decision.

This is a frontal attack on the right to own private property wherein further subsidies will destroy human character and dignity, and create slums of the future.

The aid for community facilities is redundant to the same aid in other programs and transgresses against the prerogatives of local governments.

Back-door spending of \$8.8 billion further transfers government control into the hands of the executive and prevents Congress from exercising constitutional prerogatives as the watchdogs of the purse strings.

I can only assume that those colleagues and those in the administration who insist on the passage of this bill are misinformed and misunderstand the building industry and, indeed, the entire nature of free and private enterprise.

It is my earnest hope that this bill will be defeated and replaced by a more sensible version, greatly reduced in size, and without the new experimental departures, which in this bill have not even been subject to public hearings. This is a bad bill and should be defeated.

Mr. HALLECK. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I rise in support of the McDonough substitute, and hope it is adopted.

Some suggestion was made earlier that possibly the membership could not understand what is in it. I think it has been very well explained, and I think

there is pretty general understanding of what it is. It is a good bill. It is a balanced bill. It will meet the upcoming necessities, as many of us see it, with respect to housing.

I can support this bill if the substitute is adopted. I cannot support the committee bill as reported because, in my opinion, it is reckless, unnecessary, extravagant, and irresponsible in many of its features.

As I say, there has been talk about confusion here. Well, I think most of the confusion is about what the committee bill contains. As a matter of fact, the gentleman from Alabama on yesterday in the debate voiced his apprehension that probably many Members did not know what was in the bill. I thought that was something in the nature of an apology. I want to say I share his apprehension except that I understand very well there are a number of very bad features in the bill, and that it is a tremendously expensive bill. Nobody knows how much it is going to cost the taxpayers, and I still happen to believe that is a fairly important consideration that we ought to have before us in our minds in whatever we do here. I have heard estimates of the cost running from \$5 billion to \$11 billion, which is quite a spread. Others have called attention to what I refer to as ridiculous features of the bill. Then strangely enough on yesterday, and reiterated here today by the chairman of the subcommittee who has spoken to us about what a magnificent job the committee did, lo and behold, before we really get to bat, he backs off on one of the most ridiculous provisions and one of the most indefensible provisions of the bill.

You know, as a matter of fundamentals, I am concerned about this committee bill because I am wondering what it is doing to one of the great things about America, and that is the incentive to homeownership. I have supported housing bills here that have seemed to me to be reasonable, through the years. I remember years ago when we had the first one, to meet what was then a real emergency in the nature of mortgage loans on homes. I supported that. But, today we are considering a multi-billion-dollar bill, which, in my opinion, goes way beyond anything anybody ever dreamed would be considered here in the Congress. The foot in the door of Federal intervention is moving inevitably, in my opinion, in the shape of too much Federal domination of great segments of our economy. I think it is high time we asked ourselves just where we are going to stop. Are we striving for the day when everyone will live in a house that is owned by the Government? I hope not. Is there no limit to the ends to which we will go to spend the taxpayers' money for him? I received a letter, and I checked on it to be sure it was authentic, from a young lady, a librarian. She said, "You know on my take-home pay of \$38 a week, I have come to the point where I cannot afford to have the Federal Government doing anything more for me."

We ought to think that statement over. But, here in this Congress we are talking about spending more and more

of the taxpayers' money. In the next few days, a bill will be before us providing for a \$13 billion increase in the national debt limit. May I say parenthetically I shall support that increase, as I have supported increases heretofore, but in supporting it I must again raise my voice against the reckless, extravagant and irresponsible spending that makes it necessary for us year after year after year to increase the debt limit. Nobody knows how much money we are going to spend. We have a multibillion-dollar school bill coming on. Nobody knows what the omnibus farm bill will cost, if it ever gets out here and if it is ever passed, which I rather hope will not happen. We have a national defense budget spending bill coming along that is going to curl our hair when we find out what that amounts to. Why, you know, Mr. Khrushchev has predicted on more than one occasion that he would not have to take military action against us.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. HALLECK. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. He said that our grandchildren would be living under socialism without any action on his part. Of course, Mr. Khrushchev interchanges somewhat in general terms, but I have never short changed him on his powers of observation. So here we are appropriating and spending billions and billions of dollars to protect ourselves against the threat of military attack by militant communism.

We are spending more billions of dollars, and we have to do it, to try and prevent the spread of communism around the world. But I say to you the time has come when we had better take a good, hard, long look at what we are doing here at home. By the sheer power of taxation you can socialize a man. If you take so much in taxes that he does not have enough left to provide the medical care, education, clothing, shelter, and food for his family, he must turn to the state, and I do not know any one of us and I include all of my Democratic friends, who want to see that come to pass, who want that to happen.

There is no emergency, in my opinion, that justifies a housing bill of the magnitude that is here presented by the committee. Even the administration economists say now that the country is coming along as far as our economic situation is concerned, coming along very well. I sometimes think that the greatest threat to the continuing prosperity and progress of our country are some of the things that are proposed by some people who believe there is too slow an upturn in our economy. It certainly could be a threat to our economic well-being if we undertake to go too far and too fast. I think this committee bill undertakes to go too far and too fast. It goes beyond anything that is really needed. The substitute, in my opinion, is sound. Let us provide for the next

year, then take a look at what we need to do after that time. I think in that way we will best serve the interests of our great country.

The CHAIRMAN. For what purpose does the gentleman from Alabama rise?

Mr. RAINS. To see if we can reach an agreement as to the time for debate on the substitute. I have but one more speaker.

Mr. McDONOUGH. I must object to any limitation at this time for the reason that there are many Members on this side who want to be heard on it.

Mr. RAINS. I am not trying to move it, I am just trying to see if we cannot agree on some reasonable time. Would the gentleman agree to 20 minutes or 30 minutes?

Mr. McDONOUGH. One hour. That is the least limitation I can agree to because of the number of Members who want to be heard over here.

Mr. RAINS. I am sure we do not want to debate it for a full hour. I will drop it for the present but will submit a request a little later.

(By unanimous consent the pro forma amendments were withdrawn.)

Mr. HARVEY of Michigan. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise also in support of the substitute bill. If there was one thing that all of us in the Minority on this Committee agreed upon for certain it was that the overriding issue in this housing bill is the issue of fiscal responsibility and our duty as Congressmen to act accordingly.

The gentleman from Indiana [Mr. HALLECK], has told you of some of the heavy spending that all of us should be cognizant of at this time, not only in the field of defense, the field of foreign aid, but also in the field of domestic programs which we have had before us within recent weeks.

I wish to speak on one aspect of the administration bill and how the substitute bill will correct it. I refer to title V, the section pertaining to community facilities.

Just recently I had a mayor of one of the small Michigan cities seek me out because I happened to have been a mayor myself at one time, and mentioned to me that his community was interested in building a water treatment plant. He wondered what help, if any, the Federal Government could give him. I said, "Mr. Mayor, it so happens that in the few weeks I have been in Congress I have worked on three bills, all proceeding under the myth that these municipalities must have help to build public facilities."

The first bill was a depressed areas bill. I told him he could see Mr. Hodges, Secretary of Commerce; that he has \$100 million for loans and \$75 million more for grants to build public facilities in these depressed areas. I told him, if he does not give you a good deal, you can go and see the Secretary of Health, Education, and Welfare, Mr. Ribicoff, because just recently we voted \$1 billion for water treatment plants where we give grants of 30 percent or \$800,000.

Finally, I told him, if that does not help you, we are working right now on a

housing bill in which President Kennedy asked that we increase it \$50 million, yet the committee has seen fit to multiply that by ten times, to \$500 million, to help municipalities that are now selling bonds, tax exempt if you please, and at lower interest rates than ever before.

I do not think this myth can go on much longer. That is exactly what the administration bill would do. This country is going down the road to insolvency as long as we proceed to subsidize municipalities by lending them money at less than we can borrow it ourselves, and as long as we proceed to not let the right hand know what the left hand is doing. That is more than any mayor of any small town or city can understand today.

Mr. YOUNGER. Mr. Chairman, I move to strike the requisite number of words.

(Mr. YOUNGER asked and was given permission to revise and extend his remarks.)

Mr. YOUNGER. Mr. Chairman, I realize that this bill is technical. The gentleman from Alabama [Mr. RAINS], has said that the committee labored long and arduously on the bill. Yet I want to point out one of the difficulties which misleads the public.

On page 13 of the committee report, in speaking of improvement loans, there is this sentence:

Thus, a homeowner would not be permitted to undertake a home improvement debt burden that would be excessive.

That is not consistent with the bill in any sense of the word. Here is what the bill says in regard to the limit on that type of loan page 62 of the bill:

In the case of repair and rehabilitation, the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation.

There is not a qualified real estate appraiser that I know of in the United States who would say that in an improvement loan you could add the value of the property prior to the improvement and the cost of the improvement and the sum would be the value of the property after the improvement is made. I have seen improvements where the value of the property has increased twice the cost of the improvement.

I have seen other cases where the value of the property has not increased one iota, and yet a great deal of money was spent on it. So, it is possible under this section to give to a lender an insured loan, guaranteed by the Government, that is in excess of the value of the property.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. YOUNGER. I yield to the gentleman from California.

Mr. McDONOUGH. And also in the event of default of this type of improvement loan, the FHA is authorized to provide cash for the balance.

Mr. YOUNGER. That is right.

Mr. McDONOUGH. Not a debenture but cash.

Mr. YOUNGER. That is correct.

Mr. McDONOUGH. And the builder and the buyer cannot lose anything.

Mr. YOUNGER. That is right. There is no protection in the original bill whatsoever for the home owner in connection with a rehabilitated loan, but there is in the substitute bill, and that is why I will support the substitute bill or one of the reasons why I will support the substitute bill as against the committee bill.

Now yesterday the gentleman from Alabama [Mr. RAINS], pointed out in his talk—and I quote from the RECORD on page 10127—that:

This is the first time in 10 years, since 1949, that we have been able to review our housing laws and the housing needs of the Nation without the impending threat of a veto hanging over us.

Now that is a terrible condemnation of Presidents Truman and Eisenhower and it seems to assure us, that the President now in the White House has no intention of vetoing the bill. In other words, we here in the House are tampering with precommitting the Executive power. I also believe that the Executive has no right to tamper with our power. That is why I am against these 4-year extensions, because if we continue as we did the other day in these various reorganization plans—and, thank goodness, the other body is beginning to save us as was shown by their action yesterday—and we add 4-year authorization here and we add 4 or 5 years onto the mutual aid bill and to the various other bills, then we ought to make the Congressional term 4 years so that we would need only to come back every 4 years; there would be no use having an election in between times, because what we are really doing is giving to these executive agencies all of the money they need to operate for a long period of time.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. YOUNGER. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. Maybe on the basis of the gentleman's reasoning, we ought to run every year, because you are proposing that we just extend this for 1 year.

Mr. YOUNGER. The gentleman well knows that the Members of Congress now run from the day of one election to the day of the next election, and I am sure that the gentleman from Oklahoma would agree to that.

Mr. THOMAS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, may I talk briefly to my colleagues about the cost of this bill, and I use the word "cost" in those instances where the taxpayer reaches down in his pocket and picks up the tab. So we have to differentiate between cost to the taxpayer and a spending program. And, there is a lot of difference.

As far as the substitute and the regular bill goes, the two big items in the bill, which, incidentally, cover at least three-quarters of it, that is, of all the cost that the taxpayer is going to have to pay, are public housing and urban renewal. You leave out in your substi-

tute FNMA. FNMA does not cost the taxpayers one red penny. It is a money-maker for the taxpayers, besides its other useful functions. So, I think it is an error to leave FNMA out of your substitute.

Now in regard to public housing, all the old timers know that that talk has gone on for years. I am not going to repeat it.

This bald spot on my head was partly caused as the result of butting it up against the walls of this ancient and honorable Chamber when the majority voted us down time and time again.

You have 500,000 public housing units today occupied and you are paying a subsidy on them. You have another 100,000, in round figures, building. You have about 825,000 authorized and in another 15 years, and mark my word, if you and I are here, you will see 1 million to 1.5 million occupied and your subsidy bill will not be \$350 million a year, but it will be nearer \$500 million a year—each unit to cover a period of 40 years.

The only thing in the original bill which would have the slightest tendency to take the load off public housing about which my able, distinguished and lovable friend is concerned, is something I have been talking about for years, and this is your long-range, no-downpayment, cheap money proposition. The new program may not be the complete answer to public housing, but it will cut the need for more units in the future. Take your pencil and balance it out anyway you want to. Anyway you figure it you will save the taxpayers' money on the new program, as compared to public housing. Every unit under this new program that you build will cost the taxpayers less than one unit in your public housing program. They are both 40-year programs.

Outside of the dollar value, is there anything else to be said for this new program? Yes. You are making kings through the adoption of this program. You are making homeowners out of the purchaser. The only difference—and you can use words and words and pages to express it—between a Communist and a non-Communist is the fact that the Communist does not own anything, much less a home. The purchaser of a home is a king. He is the owner of a castle. You are overlooking two things. One is the dollar savings to the taxpayer, and the other is the fact that you are making a king out of the purchaser rather than a vassal of the city hall, which controls public housing. When he walks into the city hall, he will say "You vote as I would like to have you vote." As it is now, in many, many instances, and you know it is true, he walks in with his hat in his hands and says "May I move into one of your public housing units?"

Mr. RAINS. Mr. Chairman, I ask unanimous consent that all debate on the pending substitute and all amendments thereto close at 2:25 p.m.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. SCRANTON].

Mr. SCRANTON. Mr. Chairman, I rise in support of this substitute amendment primarily for one reason. As most of you know, I believe in the benefits that some housing programs produce for the people of this Nation. As you well know, the bill before us from the committee covers a great many things, some of which are very important to the district I represent, as some others are to that of the gentlewoman from Michigan who yesterday spoke on the open-space provision, and the gentlewoman from New Jersey who spoke on housing for the elderly, and other Members of the House on other provisions.

Ever since we came to this Congress we have been presented over and over again with great problems affecting the whole free world, first Cuba, then Laos, now Berlin. There is no doubt in my mind, as I am sure there is none in yours, that over the next 4 years during which this bill will be in effect our national security will undergo "agonizing reappraisals." There will be need for tremendous outlays in order to meet this Communist threat not only here on earth but in outer space.

Therefore, I ask all of you who represent districts such as mine, where certain provisions of the bill are of importance, to bear in mind that we will be asked to do these things. We will all want to do them. It is important under this world threat to set aside meeting specific needs temporarily and follow what is obviously best for the overall need of our entire free world; namely a policy of conserving our fiscal resources. This substitute will help to do just that.

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma [Mr. EDMONDSON].

Mr. EDMONDSON. Mr. Chairman, any way you look at this substitute proposal which is before us today it fails completely to provide help of any substance in four major problems confronting the Nation. I talk particularly at this time to Members who represent districts with small towns, small communities, and with farms in their districts. The substitute before us today does absolutely nothing to help the Fannie Mae situation in the practically total absence of present capacity and authority by FNMA to buy FHA and GI loans. Unless you have a strong and well-funded Fannie Mae you are not going to have the Nation moving forward with loans for home building. They do nothing about increasing Fannie Mae authority and capacity. The committee bill adds \$750 million in authority to Fannie Mae.

They do practically nothing about another problem, and that is community facilities. They add only \$50 million in the McDonough substitute for community facilities. The committee bill adds \$500 million in this vital category.

They do practically nothing except to give us some further time in the field of farm housing. The committee bill

adds \$200 million for farm housing loans across the country. They add nothing but time. They do not add a single dollar to this program.

Finally, Mr. Chairman, in the field of housing for the elderly, to help the old people of our country, they add only \$50 million to meet this very serious problem. The committee bill doubles the figure that is provided in the so-called McDonough substitute and gives twice as much toward solving this urgent problem that faces our elderly people.

So, Mr. Chairman, on these four grounds, on the basis of what is provided in additional FNMA authority, for housing for the elderly, for community facilities, and for farm housing, I urge the House to reject the substitute amendment and support the committee bill.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. ROUSSELOT].

(Mr. ROUSSELOT asked and was given permission to revise and extend his remarks.)

Mr. ROUSSELOT. Mr. Chairman, I rise to support this substitute amendment by my colleague Mr. McDonough. It is a proper amendment. The statements by the gentleman from Oklahoma, though I respect him, are totally incorrect. I have served in the Federal Housing Administration and I can tell you, you are totally wrong in what you have just said. Let me point out very specifically, there is almost a billion dollars of authority today in Fannie Mae. We should recognize right now that we have more than adequate amounts in housing agencies today, even if we take no further legislative action.

Let us get right to the heart of the matter. This substitute bill is a far better alternative than the Rains bill. It continues programs we now have in effect. It goes as far in those cases as the President asked. As a matter of fact, on the farm housing loan program, the President, your leader, asked for \$207 million. That is what is in this bill. Now let us get down to some other facts.

The Federal Housing Administration authority is extended, college housing is continued, present urban renewal authority is extended, and there is not one person in this Chamber who could not vote for this McDonough substitute and know that he is continuing the present programs. What is the main complaint against this vast committee spending bill we have before us in the form of this other bill? I sat in on these committee hearings. Many people came before that committee and said, "We do not need all of this vast spending." And where does that money come from? It comes from the taxpayers. I say the time is coming when we had better start looking out for the taxpayers in our districts instead of always taxing and taxing, spending and spending at this Federal level when local people and individuals are perfectly capable of taking care of themselves and taking care of their own housing programs on a local level. That is one reason the mayor of whom you were speaking a moment ago was defeated—because he was spending

too much money and the Democratic party backed him—and that is why they backed him—because he was spending too much money.

I urge the support of the McDonough substitute.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. HIESTAND].

(Mr. HIESTAND asked and was given permission to revise and extend his remarks.)

Mr. HIESTAND. Mr. Chairman, the substitute bill very briefly extends only the needed provisions in the present law. We have gone over it very carefully and it extends all of the needed provisions. I am well aware that wonderful eloquence has been used to hypnotize the House, saying that this is not going to cost us anything and that we even make money on it. Well, the problem we face, of course, is one of finances. If we draw \$8 thousand million over the years from the backdoor of the Treasury, we do have a financial problem. That money has to be raised. Whether it is raised by taxes directly or indirectly, is immaterial, it has to be raised and that presents a real problem to the Treasury—Raising taxes or borrowing more money is necessary, the latter of course raises the cost of living most cruel to the lower income groups.

There are several parts of this committee bill to which I object most emphatically.

It is a stimulus to tremendous housing, added home building, unneeded in many places. There are Congressional districts in the United States where we have many thousands of unoccupied new homes, yes, homes that never have been occupied. It will also break down the trade-in value of existing homes. Most people who buy a home have to sell a home to do it. Once you bring down that value by putting in a tremendous number of new houses you hurt the present home owners of the United States.

There is another matter to consider, the matter of local public bodies being permitted to draw on the Treasury at 3½ percent, 2½ percent below what has been paid to finance moderate rental housing, in effect, subsidies, almost like public housing, to a large group of people.

This committee bill, Mr. Chairman, is a monstrosity. It is the wildest and worst housing bill I have ever known in all my years on the Banking and Currency Committee, and since.

It is completely irresponsible fiscally it would, if fully implemented be disastrous. I am opposed to the committee bill most emphatically and recommend the substitute.

(By unanimous consent Mr. Pelly yielded his time to Mr. JONAS.)

Mr. Chairman, I tried to obtain recognition immediately following the speech of the distinguished gentleman from Texas [Mr. THOMAS]. He and I have served together for many years on the Independent Offices Subcommittee of the Committee on Appropriations and I have profound respect for his opinions. I was interested in what he had to say a

little while ago about making a king out of a man when he becomes a homeowner. I completely agree with him about that because I do not know of anything more calculated to make good citizens out of people than for them to become homeowners. When a man owns his home he becomes a convert to capitalism if he did not believe in it before. He then feels that he has a stake in our country, that he is participating in its growth and development, and above all that he is taking advantage of the priceless opportunities provided by our system to improve his station in life by hard work, by being industrious, and by practicing thrift.

I have always been a strong supporter of the FHA program. Its record has been good. It has helped many a prospective homeowner to acquire a home who otherwise might not have been able to do so, and it is a fine example of how a government can help an individual help himself. But I would sound a word of caution here. Let us not go too far in liberalizing our housing programs so as to leave the impression on people who wish to use them that nothing is required of them but that it is the responsibility of the Federal Government to carry the laboring oar. Let us be careful to keep incentive alive so that those who use these programs may continue to feel that they own the houses and that the Government is not providing them. If initiative and incentive are ever destroyed in this country, the result will be tragic indeed.

I appreciate the yielding of his time to me by the gentleman from Washington [Mr. PELL], but even with his 2 minutes added to mine I will have sufficient time only to mention a point and not elaborate it. I think I shall just try to do that by telling a true story. It is based on a letter I received late in October of 1960 right in the midst of the campaign. It came to me from a lady I had never met and who does not even live in my district. She does live in an adjoining county, however, and she wrote me the letter following the first of two television debates I had with my opponent. Something had been said in the first debate that attracted her interest and she wrote me this letter which I hold in my hand and display to the committee today, in order to illustrate what she and her husband had been able to accomplish for themselves under the incentive system which has been so much a part of the American way of life.

I will not read the entire letter because in it she compares the wages her husband received while working at the same job, in the same cotton mill, for the same number of hours, under the administration then in power and the two preceding ones. I might add that the comparison was greatly in favor of the administration in power in 1960. But if I should read that part of the letter I might be accused of talking politics and I do not wish to bring politics into the discussion of the issue before the committee today. The part I do read does have a bearing upon this issue and I ask you to listen to what this lady had to say out of her own personal experience:

My husband works in the cotton mill here in High Shoals and has ever since 1927. In 1956 the company sold the houses here to the employees. The one we live in was one of the first built here. It is over 50 years old, it has four rooms and bath, it cost us \$3,375. We live beside the old Baptist church at No. 26 Lincoln Street. They built a new Baptist church up near Kiser's Store. Well, we paid up the debt on our old house back in July. We spent over \$1,000 in repairs to it. * * * But, of course, we have done without lots of things in order to pay for it. It isn't a fine house but it is home and it is better than it was when we bought it. I am not bragging about it but I am happy in the thought that we did.

This lady went on to praise the administration then in power and to give the policies it advocated and followed some of the credit for making it possible for her family to acquire and pay for this home. But that is not the reason I tell the story. I think it has far more significance than that. I think it demonstrates what can be accomplished under our free enterprise system which is based upon incentive and which rewards hard work and industry. In our zeal to help people, I hope we do not make the mistake of destroying initiative and the incentive to get ahead by encouraging the development of a feeling that industry, hard work, and thrift are not necessary because Uncle Sam will take care of the problems.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, I am going to vote for this substitute and primarily for other reasons than I have heard discussed thus far. The President of the United States was recently asked if we are going to get into a war and his answer as reported in the press was to the effect that we are already in a war.

The Chairman of the Joint Chiefs of Staff on June 8 stated to our committee his "belief—as also expressed before other committees of the Congress—that the decade of the sixties could be decisive to the survival of this Nation and its allies."

Last month the President of the United States called the House and the Senate into a special session to which he came personally in order to underline the seriousness of the Communist threat to our very existence and to tell us we must increase appropriations for certain essential weapons and projects, including civil defense, if we are going to avert disaster.

Now, Mr. Chairman, either our country is at war or it is not at war. If it is at war, then I think we have no business embarking on any additional long-term spending programs such as this or others like it.

If Russia were so foolish as to attack us in another Pearl Harbor, we would not consider for a moment either this bill or any like it. We would concentrate every resource and energy on winning the war. Our leaders tell us that is the kind of dangerous situation we face—but we apparently have not recognized it. We have no right to be expanding domestic programs, no matter how good or desirable or beneficial, that

are not absolutely necessary to the survival of our country during this war.

If we are not at war, and do not face a life and death threat this very year, then the President should not be asking us to expand our spending for missiles and other weapons and our foreign aid program way beyond what it has ever been.

If we do not spend more and more for arms, we are told we invite insecurity—and disaster. If we do spend more and more for arms—and also for everything else that we would like to have right now—we make sure a renewal of inflation—and disaster. Either way, disaster.

This is why Mr. Khrushchev is so confident that he will win. No wonder he dances his jig. He is convinced we are already too soft to be willing to discipline ourselves to put first things first. It is not a choice between good and bad programs. It is between what is first and what is second. Survival in a deadly war is first.

The CHAIRMAN. The Chair recognizes the gentleman from Arizona [Mr. RHODES].

(Mr. RHODES of Arizona asked and was given permission to revise and extend his remarks.)

Mr. RHODES of Arizona. Mr. Chairman, while listening to two of my good eloquent friends, the gentleman from Alabama [Mr. RAINS], and the gentleman from Texas [Mr. THOMAS], I became very much confused.

On the one hand, my good friend from Texas, under whose able chairmanship I have the honor of serving, has said that the section to make 40-year loans will make every man a king and that we will then be able to do away with public housing.

On the other hand, my friend, the gentleman from Alabama [Mr. RAINS] says that this provision of the bill will probably have to come out because nobody will make loans for 40 years, anyway.

I am a little astounded as to the lack of cohesion which seems to be inherent in these two statements. I am most amazed as to why the great Committee on Banking and Currency could have done a vain thing which the chairman of the subcommittee now labels the 40-year loan provision.

If, as the chairman has said, people will not lend money for 40 years, there is no reason for this provision to be in the bill.

So I can only ask this question: Why is this provision in the bill in the first place? I am sorry I do not have the answer to it. If anybody has, I will be happy to yield to him at this time. Why is this provision in the bill when the chairman of the subcommittee says people will not loan money for 40 years?

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. RHODES of Arizona. - I yield to the gentleman from Indiana.

Mr. HALLECK. If people will not lend money for 40 years, has the gentleman any idea they will lend it for 35 years? I do not think so.

Mr. RHODES of Arizona. I wonder myself. It is a matter of degree just how far those who lend money will go.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. RHODES of Arizona. I yield to the gentleman from California.

Mr. McDONOUGH. As a matter of fact, the 40-year no downpayment was part of the task force the President of the United States appointed shortly after he was elected. It was considered by them and turned down and termed ridiculous by one of the members of that committee I spoke to. He said it is a ridiculous proposition.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. GUBSER].

(Mr. GUBSER asked and was given permission to revise and extend his remarks.)

Mr. GUBSER. Mr. Chairman, I am presently engaged in reading a most fascinating book, Mr. Shirer's "Rise and Fall of the Third Reich." One of the things that has impressed me is the fact that for a long period during the lifetime of Adolph Hitler, he was considered as a joke, and not as a serious threat nor a serious trend.

The Chinese Communists at one time were called "agrarian reformers" and were not considered a serious threat or trend.

I suspect Lenin and Trotsky and "good old Joe" Stalin were not taken seriously.

Today some of us are being laughed at, and accused of seeing boogey men when we think we recognize a trend toward socialism. I, for one, am afraid of it, and that is why I am opposed to the committee bill.

I believe Nikita Khrushchev was serious when he said just 3½ months before coming to the United States:

We cannot expect the Americans to jump from capitalism to communism, but we can assist their elected leaders in giving Americans small doses of socialism until they suddenly awake to find they have communism.

The CHAIRMAN. The Chair recognizes the gentleman from Alabama [Mr. RAINS].

Mr. RAINS. Mr. Chairman, I was not going to take any time, but after the fantastic statement of the gentleman from California I am compelled to speak.

I would like to say—and I am sure the American people believe this—that the best way to get communism in this country is to keep on allowing people to live in slums, in huts, and in poverty. I think I know that the record speaks that more Communists have come out of poverty than have ever come from any other place. And, I think I know that one of the best antidotes for communism is not speeches but a Government that believes that the people ought to have an opportunity to become capitalists, to own their own homes, to have the opportunity to acquire some interests that communism is directly, eternally, and forever opposed to. I do not object to arguments against the bill, but I resent, as I think any true American ought to, the insinuation that if you support a bill such as this, that as the result you are invoking all of these strange and foreign "isms" upon the American people.

The CHAIRMAN. The chair recognizes the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS of Missouri. Mr. Chairman, I am sorry the debate has gotten off the issue. I certainly do not think the last speech pertained to what was said before.

The point that I am concerned about and which I think is a basic point was pointed out in the minority report on page 65:

The overriding issue in this housing bill, in our opinion, is the issue of fiscal responsibility.

And, I believe that is so. We are going to have a bill on the floor of the House, on Monday, I believe, to increase the Federal debt to \$298 billion. We are going, gentlemen, into deficit financing in a period of prosperity, which is directly contrary to the theories of those who have advocated deficit financing.

One of the members of the Committee on Rules suggested that the minority views on the debt limitation bill were political.

I hope they were not political in the sense of narrow partisanship. I think we are trying to point out that we do face very, very serious fiscal problems in this country, and that if someone wants to make a political issue out of it I think that perhaps the two political parties should join that issue. This particular bill and the substitute bear right on that subject.

Mr. Chairman, I am for the substitute primarily because it is a little more fiscally responsible in these times. I think we must relate this to fiscal policy and the statements of the President of the United States with reference to its importance in these trying days. The gentleman from Minnesota [Mr. Judd], pointed it out. These are not times to increase many of the things that might be desirable in our society: \$298 billion in debt and going into a period of prosperity with further deficit financing predicted. Now is the time, with this spending bill, to demonstrate fiscal responsibility. I plead with the gentlemen in the Democratic Party not to make a political issue out of this. Join with us in this fight for fiscal responsibility.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. TOLL].

(Mr. TOLL asked and was given permission to revise and extend his remarks.)

Mr. TOLL. Mr. Chairman, I rise in opposition to the McDonough substitute. I support the committee bill and the magnificent presentations of the purposes and contents of the committee bill by the gentleman from Alabama [Mr. RAINS], and the gentleman from Texas [Mr. THOMAS].

I received a letter from the National Housing Conference, Inc., which was established in 1931 to promote slum clearance and to provide decent homes for all Americans, urging my support of the omnibus housing bill which was reported by the majority of the committee. The executive vice president of the National Housing Conference stated that

he believed this legislation embodies a sound and intelligent program to meet the housing needs of this country during this period of rapid growth. He further stated that it is important to remember that the bill is based upon more than 27 years of experience. In most respects the measure carries on existing programs that have been highly successful.

I hope that the House will pass the committee bill because it would support the basic national objectives presented by President Kennedy in his housing message. First. To renew our cities and assure sound growth of our rapidly expanding metropolitan areas. Second. To provide decent housing for all of our people. Third. To encourage a prosperous and efficient construction industry as an essential component of general economic prosperity and growth.

The CHAIRMAN. The Chair recognizes the gentleman from Connecticut [Mr. SEELY-BROWN].

(Mr. SEELY-BROWN asked and was given permission to revise and extend his remarks.)

Mr. SEELY-BROWN. Mr. Chairman, I am voting for the substitute for the committee's housing bill, H.R. 6028, because I am in favor of continuing the housing programs which we have now, and because I am in favor of maintaining the fiscal integrity of our Government.

Every program now being operated by the Housing and Home Finance Agency and its numerous components will continue, under a 1-year extension provided for in the substitute bill.

In this time of crisis, no longer extension is needed, and, therefore, no longer extension should be granted.

I believe that all of us need to pay particular heed to the words of President Kennedy when he addressed the joint session of the Congress on May 25, and said:

If the budget deficit now increased by the needs of our security is to be held within manageable proportions—if we are to preserve our fiscal integrity and world confidence in the dollar—it will be necessary to hold tightly to prudent fiscal standards; and I must request the cooperation of the Congress in this regard—to refrain from adding funds to programs, desirable as they may be, to the budget.

That is sound and sobering advice. I, for one, intend to take it, and I earnestly hope that this House takes it when the question is on the passage of this amendment and upon the passage of the bill as amended.

No one can say, if we pass this bill, that we are not meeting the instant and continuing need of the millions of people who will benefit by the passage of this legislation.

One of the features of the Housing Act now on the books, the FHA title I home repair and improvement insurance program, that has worked well, has been a part of our national life for 25 years. Homeowners can borrow for their repair and improvement of their homes, and repay the loan over a period of years without adding to their mortgage. We want this to continue. The substitute bill proposes to continue it.

The FHA mortgage insurance authorization would be extended for 1 year, and would continue just as it is now.

The FHA Capehart military housing program would be extended for 1 year. This is a program in which there is particular interest in my district, because of the great increase in personnel at the New London Submarine Base. I want that program to continue, and it will be continued under the substitute bill which I favor.

For direct loans for the construction by private industry of housing for the elderly, the substitute bill provides an additional \$50 million, which is the amount requested by the administration. I am in favor of that.

For urban renewal grants, an increase of \$500 million is provided in the substitute bill, and the program is extended for 1 year. I am in favor of that.

The loan authorization to build college housing, which has been in operation for 11 years, would be increased by \$300 million in the substitute bill and I am in favor of that.

The administration requested an additional \$50 million for the public facility loan program. I am for that, and the substitute bill provides that and continues the program for 1 year.

The farm housing loan program would be extended for a year in the substitute bill by reviving the loan authorization which otherwise would expire at the end of this month. The amount available would be approximately \$207 million. The administration did not request any additional increase.

I am in favor of extending the voluntary home mortgage credit program for a year. The substitute does that.

The public housing program, like all the other programs, is continued, and during the coming year there will be nearly 20,000 dwelling units available for allocation by the Public Housing Administration to local housing authorities. This is more homes in public housing than have been placed under contract during the past 2 years.

Existing authorizations for borrowing from the Treasury to finance the various programs which involve loans, will be continued, but new authorizations of funds will require the approval of the Appropriations Committee before funds can be committed by contract or before funds can be withdrawn from the Treasury. We will know what we are spending, and for what. This precaution, it seems to me, is directly in line with President Kennedy's admonition to the Congress in his May 25 message.

To sum it all up, I believe that we should go forward with our housing programs. We should go forward, but we must go forward with this, as with all other plans that involve the home front, with full awareness of the priorities which are necessary in order to assure that we have the resources at hand which we need to invest in our determination for survival.

We can see our way clear to go ahead with all these programs for a year. Next year, we may hope, and in fact, may confidently expect that once again we can see our way clear. That is the

prudent way. But for Congress to delegate its authority for 3, 4, or 5 years, to executive agencies, so that the operations are beyond the reach of the people of this country, through their elected Representatives in the Congress, is reckless and lacking in commonsense.

I urge this House to keep our Government in the housing business that it is in now, by adopting the substitute bill and extending the programs for a year.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. BECKER].

Mr. BECKER. Mr. Chairman, listening to the gentleman from Alabama, my colleague [Mr. RAINS], for whom I have the greatest respect, talking about the necessity for Government intervention in our times, I wonder what made this country the greatest nation in the world in the first 150 years without Government intervention. Without that intervention we became the greatest nation on earth. We had no Government intervention then. It has been only in the last few years, since the Government has taken a hand in all these things, that we have accumulated the greatest national debt in history.

Mr. Chairman, I should like to read from the minority views.

On May 25, in his special message to the joint session of the Congress, the President stated:

Moreover, if the budget deficit now increased by the needs of our security is to be held within manageable proportions—if we are to preserve our fiscal integrity and world confidence in the dollar—it will be necessary to hold tightly to prudent fiscal standards; and I must request the cooperation of the Congress in this regard—to refrain from adding funds to programs, desirable as they may be, to the budget.

I support what he said. I shall vote for this substitute, and against these spending bills at all times until our Nation is secure in the future.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. BECKER. I yield to the gentleman from California.

Mr. McDONOUGH. In reference to the slums that we have assisted in alleviating in previous House bills sponsored by the Republican Party this certainly ought to be observed, that 20 of the past 30 years the Democratic Party has had control of the Congress and if there had to be removal of slums, it should have been their responsibility as much as ours; and not much was done in that direction.

Mr. BECKER. That is certainly true. I might also correct the statement of the gentleman from Alabama that communism emanates from the slums or from the poor people. Communism has been started by the intellectuals throughout the world. It has never come from the poor people. It will never come from the poor people. They do not want to be regimented. They want to be free people. They want to be able to earn their way in the world, they want the right to own their homes, support their families, educate their children. They do not want to be supported by the Government. I reject the statement that

the poor people, the working men start communism in any part of the world.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, I cannot help laughing at some of the arguments made in support of this substitute. Let us analyze the charge of fiscal irresponsibility leveled at our committee bill as against the claim of fiscal responsibility made for the amendment. What are they trying to do in this substitute? Everything we want to do in the committee bill, except they want to do it for only 1 year. In other words, if we do this just for 1 year it is fiscal responsibility, but if we intelligently plan for a period of years then it becomes fiscal irresponsibility.

If they knew the least thing about housing, even those who tell us they worked in the housing agency, they will have to admit you cannot program ahead for 1 year at a time for this type of endeavor. Construction work requires advance planning. You have to lay out your plans communitywise not for 1 year but 2, 3, and 4 years. The erection of a building is but a small part of the overall problem.

What we are seeking to do is fiscally responsible. Every city planner, every builder, will tell you, as they have repeatedly told our committee, that a 1-year authorization is almost useless. The only way you can do this properly is to pass the committee bill and reject the substitute.

This talk about keeping the Government out of private enterprise is utter nonsense. Is not the Government in it, when they say, "Let us get the Government into this only a year at a time." How senseless can one be as to say about a good program now more than 24 years old that we want the Government in it for only 1 year at a time in order to save the free enterprise system.

Let us look at this business about never helping anybody—we have had homestead laws, public works laws, public roads laws, public welfare laws, and public education laws since this country was founded.

This program is nothing more than the Government helping people to help themselves. We are not interfering with private enterprise. We are helping private enterprise do the American job in the American way. This substitute will defeat the program.

The CHAIRMAN. The time of the gentleman from New York has expired. All time has expired.

Mr. ROBISON. Mr. Chairman, an evening's work spent studying the provisions of H.R. 6028—otherwise known as the Housing Act of 1961—created an urge to resort to Webster's New Collegiate Dictionary the next morning in order to check on my recollection of the meaning of the word, "Hydra" as used in ancient Greek mythology.

Mr. Webster obliged by advising me that a "Hydra" was a serpent or monster, supposedly slain by Hercules, which had nine heads, any one of which when cut off was succeeded by two others, unless the wound was cauterized. It does

not take a great deal of imagination for any Member of this body to relate that definition to the legislative package of nine titles now before us, which runs the gamut of things supposedly encompassed under the one heading of "housing" all the way from something called "open-space land" to the question of disposal of the Passyunk war housing project—whatever and wherever that may be.

This is not to say that this package—which may have only nine titles, but has a great many more than nine heads at least, at this point prior to the beginning of any attempt to cut some off, is all bad. Quite the contrary, many of those heads represent sound, going programs that have heretofore proved their value and are eminently worth saving and continuing. One of the best of those, of course, by any standards and by any test, is the one dealing with the extension of FHA mortgage-insurance authority, which program has been one of the most outstanding examples of cooperation between Government and private enterprise in the best American tradition.

Another example of an area of need, demanding responsible governmental participation, is the public housing field and there may here well be much that we can and should consider doing in behalf of our elder citizens of limited means, but I believe it is necessary for us to recognize that we must be always vigilant—in moving further into this area—lest we interfere with the proper activities of the free market and smother private enterprise. Thus, the emphasis on "responsible" governmental action.

That same emphasis on responsible governmental action applies with equal force concerning whatever we may decide to do with respect to funding and extending certain other programs, included in this bill, such as the urban renewal program, the college housing program, the FNMA special assistance mortgage-purchase authority, and so on, in which programs I find much that is good and much that is useful in order that we may progress toward our common goal of better communities and better housing for all segments of our population.

Who among us can question the President's recent statement that meeting such a goal, "will contribute to the Nation's economic recovery and its long-term economic growth," or his further comments that "a nation ill housed is not as strong as a nation with adequate homes for every family," and, "a nation with ugly, crime-infested cities and haphazard suburbs does not present the same image to the world as a nation characterized by bright and orderly urban development."

Nevertheless, notwithstanding those fine, brave words, unless we act here today in a sound and responsible manner, consistent with the principles upon which this Nation was founded and has flourished, we will awake tomorrow only to find that, truly, we have "built upon the sand."

In the interests of time, I shall not try to address myself to all that I find that is irresponsible in this bill. Suffice it to

say that I cannot vote for it in its present form, and that, as efforts are made to improve it, I can only hope that in the end the good will more than balance the bad so that I can lend my support to the final product in order to show my deep concern for better homes and better communities for all Americans.

However that may be, Mr. Chairman, I would like to briefly address myself to a few of the worse features of H.R. 6028, at least as I see them.

May I start with that 40-year, no-downpayment mortgage provision, to which so many of my colleagues have addressed themselves. As has already been pointed out, there is a serious question here as to whether or not—by permitting some of our citizens to make this sort of a sacrifice for their country, we really have their welfare in mind. This proposal may sound fine but it makes little economic sense, and makes even less sense from the standpoint of social responsibility. Although holding forth an illusory promise of easy homeownership for millions of our people, the only way in which such a project for those millions would represent a sound investment would be for us to have, as a nation, a very substantial amount of inflation in the next 40 years. I say this because, without inflation, the purchaser of a \$13,500 home on such terms would have, at the end of 40 years, and after paying a total of \$33,383, exclusive of taxes, maintenance, insurance, and so on, a property worth only \$7,020 at its properly depreciated value. Even if the general price level only doubled in the next 40 years, which would mean inflation at the rate of 2½ percent a year, the depreciated value of that home at the end of those 40 years would be only \$14,040.

It could well be—from what we have so far seen of the economic theorists who populate the New Frontier—that the new administration has firmly fixed in its mind that sort of a galloping inflation as one of the otherwise unspecified sacrifices we all are expected to be willing to make. Let us hope that that is not the case.

However, in any event, this program practically holds forth an open invitation to any such borrower to walk out on his obligation. In fact, his doing so may well become an economic necessity. Consider such a home buyer attempting to sell or trade his property in order to buy another at the end of 9 years of his occupancy; he will find that his equity accumulation is \$670 short of the remaining balance due on his mortgage. In addition to that, he would presumably be liable to pay a real estate commission on the sale of his house and, if that amounted to 6 percent or thereabouts including closing costs, or another \$705, he would find that he would be \$1,375 short, a deficit which relatively few real estate owners would be willing to accept as a downpayment on another home—much better, then, to simply walk out on his original property and his obligation. Based on my own more than 10 years' experience as a director of a Federal savings and loan association, I have serious doubts as to whether any responsible such association would even consider

such a loan. Where will the money come from then? Only from "Fannie Mae," as FNMA is known to the building trade, and we can thus only anticipate a great deal more deficit financing to provide Fannie Mae with the necessary funds. In all honesty, then, if it is to be our decision that such a program as this is essential, we might better do whatever is necessary to finance the program directly, as another kind of public housing where the buyer is not really a buyer at all, but only a renter, courtesy of Uncle Sam.

One other aspect of this proposal deserves attention before I leave it. We are presently considering a \$2-billion authorization in this same package to further fund our urban renewal program. If the 40-year, no-downpayment gimmick should become law, it will, in my judgment, destroy any sense of responsibility that is normally associated with home ownership. If it is going to take a man 12 years before he has even built up enough equity to pay for the bathroom, he is not likely to take much pride in ownership. Therefore, we may well find that we are creating new slum conditions faster than we can attack the problem of cleaning up existing ones. At best, if we are going to have these 40-year mortgages we better also vote through a grant to our scientist friends to do the necessary research toward developing a slower chewing termite.

The package also includes some tinkering with FHA which may prove to be equally unsound. As is pointed out in the minority report, one of the basic reasons why FHA has worked so well so far is that both borrower and lender have been required to have a measure of self-interest in the transaction. I have touched on the values of having a borrower with self-interest. Now, the suggestion for a 100-percent cash takeout the moment trouble occurs—in lieu of the existing program of requiring a lender to foreclose on a defaulted loan and take his loss in FHA debentures and certificate of claim, shifts the entire risk to the FHA. In effect, it comes close to making FHA a direct lending program on the part of the Government. Aside from what this does to the concept of free enterprise, as most of us have always understood it, it also opens wide the door to unsound loans and to unheard-of bonanzas for unscrupulous land developers and lenders.

Another item in this package—which seems to include something for everybody but the American taxpayer—would permit FHA home improvement loans, unsecured in nature, of up to \$10,000 per dwelling unit with a maximum maturity of 20 years. This, again, smacks of irresponsibility cloaked in the disguise of encouraging easy home repair and rehabilitation, and the same argument can be made against it as are made with respect to the 40-year, no-downpayment pipe-dream.

All of us want to see America grow, but the America we know was not built in this fashion, and I do not believe that the America we hope to have can be so constructed.

Now, let us look at the community facilities loan program authorization—upped from a budgeted \$50 million to \$500 million by a most generous committee majority—10 times what the President has asked for, and what his representative testified was adequate to keep this program going in competition with the antipollution program and, now, the depressed areas law. Could it be that none of those members serving on the majority side of this committee were present in the House Chamber when the President recently admonished us all to “hold tightly to prudent fiscal standards, to refrain from adding funds to programs, desirable as they may be”? If they were, this is certainly an odd way of responding to the Presidential warning.

As for the authorizations here for public housing, I was brought up—perhaps in a different sort of America than we know today—not to buy what I could not afford, and certainly not more than I actually needed. Maybe this was an old-fashioned point of view. Or, and maybe more likely, this new administration prefers to remove our public housing program out from under congressional review and control, in the same manner it seeks to now relieve us from the bother of trying to fashion workable farm programs. I am not against the concept of public housing. I believe that, kept within proper bounds, it serves a real need. However, all available statistics, even when properly weighted, indicate that we have as of this date enough units of authorized public housing to last some 19 months, and that the schedule of programmed units is badly clogged and bogged down by virtue of local failures to follow through. Why, then, the sudden need to authorize another 100,000 new units, the real need for which will not even become apparent for at least a year? I confess, I do not know the answer, and the committee has so far been unable to further enlighten me. Therefore, why not strike this item and look at it again when the true need to do so is more apparent?

And so, though there is much more that I would like to say about other unnecessary or overgenerous items in this package, we come to urban renewal. This is a program concerning which many of us have had serious reservations. However, where properly applied, with careful advance planning and strong community interest and support, it holds forth great promise of revitalizing our urban areas. I have noted, with approval, the fact that my two major cities, Binghamton and Elmira, N.Y., are both moving forward with worthwhile projects under this program in just such a fashion, and that there is growing interest in the program stirring in other smaller cities in my district.

Of course, I am desirous of seeing those local projects carried through to successful conclusions. Nevertheless, I believe it extremely important, on a national level, that we keep this and other similar Federal programs in proper perspective and in line with the many other burdens which only the Federal Government can carry in this troubled world.

As all of us are, of course, fully aware, the President has recently brought home from Vienna a somber report concerning the growing Communist challenge and Mr. Khrushchev's mounting intransigence. If any further evidence of this is needed, it has been furnished by Khrushchev, himself, in the form of a new ultimatum concerning Berlin. Today's headlines also tell us that Ambassador Stevenson is about to deliver to the President a grim report concerning what he has found on his recent trip through South America.

The President, himself, speaks of our urgent need to devote more of our attention and our money to our own national security, and to such things—which he seeks to relate to national security—as sending a man to the moon before the Russians can. It seems necessary, therefore, for this Congress to carefully consider just how far this Nation's resources can be stretched and over how wide an area they can be spread. If I have any fault to find with this new administration of ours so far, it would center around its failure to recognize that this is an area in which certain judgments must be made, certain priorities established. If the President continues to neglect to provide us with leadership of this sort, it is up to the Congress to do so, itself, in behalf of national security.

Let us look at urban renewal. Over the 12 years this program has been in existence, total grants of \$2 billion have been authorized and virtually all of that is presently committed. Remember that this is over a 12-year period. Now, in H.R. 6028 we are asked to approve a further authorization of \$2 billion which is supposed to last for the next 4 years, although all of it could—as the bill is written—be committed as soon as this bill becomes law. So, in essence, we are stepping up our attack on city blight very sharply, pouring in Federal funds for the supposedly next 4 years at a rate equivalent to what we have done in the past 12.

This is in line with the President's demand that we must have “a broader and more effective program to remove blight,” but an indication of the magnitude of the task we have set for ourselves is furnished by New York City where slum prices are so inflated by overcrowding and undertaxation that redevelopment purchases there have averaged \$481,000 an acre. So you can see that with its estimated 7,000 acres of remaining blight and decay to be reclaimed, New York City, alone, could use up all and more of the authorization we now consider.

Despite the evident good that this program can and will do—once the lessons we have learned concerning waste, poor planning, and inefficiency that have marred our progress so far have been assimilated—there is a serious question whether we can afford to go full speed ahead just now. I have never been greatly impressed by the argument that annual congressional reviews and authorizations tend to create local uncertainties and slow renewal progress. That

may be the case to a limited extent, but it ought by now to be obvious to all our city fathers that this program is here to stay, and that this and future Congresses will do the best they can to keep it going.

In my judgment, therefore, it is much better for us to give our approval to the substitute measure that I understand will soon be offered, which will accept that same figure of \$2 billion as a 4-year program, but will cut that amount in quarters, thus authorizing \$500 million for the next fiscal year. Who can find fault with that, outside of those downtown who seek, for whatever reason, to further remove this and other matters from congressional control. That is a trend that I have and will always continue to resist so long as I am privileged to serve in this body, because I am convinced that much of America's underlying strength rests on the very principle of checks and balances that is here endangered.

In voting for that substitute—at least insofar as the urban renewal part of it is concerned—I want only to further say that I wish more attention was being given here in Washington to the questions of why slums in so many places are still spreading faster than new homes can be built to replace them, why cities are disintegrating in suburban sprawl instead of expanding in a plannable way, why slums are the most profitable property anyone can buy, and why cities subsidize slums by undertaxation and penalize improvements by overtaxation. I would also wish to know why so many roadblocks are thrown by big government—that says it is dedicated to the promotion of the growth factors inherent in a free economy—in the way of a private enterprise system that stands ready, willing, and able to do what must be done. These are questions that cannot be answered by bigger subsidies or more liberal spending, but can be answered at little or no cost to the taxpayer by that sort of new fresh thinking and new vigorous leadership that so many expected of the New Frontiersmen, but which so far they have utterly failed to produce.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. McDONOUGH].

The question was taken, and the Chairman announced that the noes appeared to have it.

Mr. HALLECK. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. McDONOUGH and Mr. RAINS.

The Committee divided and the tellers reported that there were—ayes 164, noes 197.

So the amendment was rejected.

The Clerk read as follows:

TITLE I—NEW HOUSING PROGRAMS

Housing for moderate income families

SEC. 101. (a) Section 221 of the National Housing Act is amended by—

(1) inserting before the text of such section a section heading as follows:

"HOUSING FOR MODERATE INCOME AND DISPLACED FAMILIES";

(2) striking out subsection (a) and inserting in lieu thereof the following:

"(a) This section is designed to assist private industry in providing housing for low and moderate income families and families displaced from urban renewal areas or as a result of governmental action."

(3) inserting in subsection (b) after "any mortgage" the following: "(including advances during construction on mortgages covering property of the character described in paragraphs (3) and (4) of subsection (d) of this section)";

(4) striking out in subsection (d) (2) "(A) not to exceed" and all that follows down through "the succeeding provisos:" and inserting in lieu thereof the following: "(A) not to exceed (i) \$11,000 in the case of a property upon which there is located a dwelling designed principally for a single-family residence, (ii) \$18,000 in the case of a property upon which there is located a dwelling designed principally for a two-family residence, (iii) \$27,000 in the case of a property upon which there is located a dwelling designed principally for a three-family residence, or (iv) \$33,000 in the case of a property upon which there is located a dwelling designed principally for a four-family residence: *Provided*, that the Commissioner may increase the foregoing amounts to not to exceed \$15,000, \$25,000, \$32,000, and \$38,000, respectively, in any geographical area where he finds that cost levels so require; and (B) (i) in the case of new construction, not to exceed the appraised value (as of the date the mortgage is accepted for insurance) of any such property, less such amount, in the case of any mortgagor, as may be necessary to comply with the succeeding provisos, and (ii) in the case of repair and rehabilitation, the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation:"

(5) striking out the last proviso in subsection (d) (2);

(6) striking out subsection (d) (3) and inserting in lieu thereof the following:

"(3) if executed by a mortgagor which is a public body or agency (other than a public housing agency under the United States Housing Act of 1937), a cooperative (including an investor-sponsor who meets such requirements as the Commissioner may impose to assure that the consumer interest is protected), or a limited dividend corporation (as defined by the Commissioner), or a private nonprofit corporation or association regulated or supervised under Federal or State laws or by political subdivisions of States, or agencies thereof, or by the Commissioner under a regulatory agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such manner as in the opinion of the Commissioner will effectuate the purposes of this section—

"(i) not exceed \$12,500,000;

"(ii) not exceed for such part of such property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$2,250 per room (or \$8,500 per family unit if the number of rooms in such property or project is less than four per family unit), except that the Commissioner may in his discretion increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,750 per room, and the dollar amount limitation of \$8,500 per family unit to not to exceed \$9,000 per family unit, as the case may be, to compensate for higher costs incident to the construction of elevator type structures of sound standards of construction and design, and except that the Commissioner may increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,000 per room

without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require; and

"(iii) not exceed (1) in the case of new construction, the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner), or (2) in the case of repair and rehabilitation, the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation: *Provided*, That such property or project, when constructed, or repaired and rehabilitated, shall be for use as a rental or cooperative project, and low and moderate income families or families displaced by urban renewal or other governmental action shall be eligible for occupancy in accordance with such regulations and procedures as may be prescribed by the Commissioner and the Commissioner may adopt such requirements as he determines to be desirable regarding consultation with local public officials where such consultation is appropriate by reason of the relationship of such project to projects under other local programs; or";

(7) striking out in subsection (d) (4) "which is not a nonprofit organization" and inserting in lieu thereof "other than a mortgagor referred to in subsection (d) (3)";

(8) striking out subsection (d) (4) (ii) and inserting in lieu thereof the following:

"(ii) not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$2,250 per room (or \$8,500 per family unit if the number of rooms in such property or project is less than four per family unit), except that the Commissioner may in his discretion increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,750 per room, and the dollar amount limitation of \$8,500 per family unit to not to exceed \$9,000 per family unit, as the case may be, to compensate for higher costs incident to the construction of elevator type structures of sound standards of construction and design, and except that the Commissioner may increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,000 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require;"

(9) striking out in subsection (d) (4) (iv) all that follows "iv)" down through "And provided further" and inserting in lieu thereof the following: "not exceed 90 per centum of the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation if the proceeds of the mortgage are to be used for the repair and rehabilitation of a property on project: *Provided*:"

(10) striking out in subsection (d) (5) "but not to exceed forty years from the date of insurance of the mortgage" and inserting in lieu thereof "but as to mortgages coming within the provisions of subsection (d) (2) not to exceed forty years from the date of beginning of amortization of the mortgage";

(11) inserting before the period at the end of subsection (d) (5) the following: "": *Provided*, That a mortgage insured under the provisions of subsection (d) (3) shall bear interest (exclusive of any premium charges for insurance and service charge, if any) at not less than the annual rate of interest determined, from time to time by

the Secretary of the Treasury at the request of the Commissioner, by estimating the average market yield to maturity on all outstanding marketable obligations of the United States, and by adjusting such yield to the nearest one-eighth of 1 per centum, and there shall be no differentiation in the rate of interest charged under this proviso as between mortgagors under subsection (d) (3) on the basis of differences in the types or classes of such mortgagors";

(12) inserting the following at the end of subsection (f): "A property or project covered by a mortgage insured under the provisions of subsection (d) (3) or (d) (4) shall include five or more family units. The Commissioner is authorized to adopt such procedures and requirements as he determines are desirable to assure that the dwelling accommodations provided under this section are available to families displaced from urban renewal areas or as a result of governmental action. Notwithstanding any provision of this Act, the Commissioner, in order to assist further the provision of housing for low and moderate income families, in his discretion and under such conditions as he may prescribe, may insure a mortgage which meets the requirements of subsection (d) (3) of this section as in effect after the date of enactment of the Housing Act of 1961, with no premium charge, with a reduced premium charge, or with a premium charge for such period or periods during the time the insurance is in effect as the Commissioner may determine, and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to reimburse the Section 221 Housing Insurance Fund for any net losses in connection with such insurance; but in any case where the premium charge is waived or reduced (either as to amount or as to period payable) or where the interest rate as determined under the proviso in subsection (d) (5) is below the market rate for similar mortgages as determined by the Commissioner, initial occupancy of a project covered by such a mortgage shall be limited under regulations of the Commissioner to families and individuals whose incomes make it impossible for them to obtain decent, safe, and sanitary housing in the private market. No mortgage shall be insured under this section after July 1, 1963, except pursuant to a commitment to insure before that date, or except a mortgage covering property which the Commissioner finds will assist in the provision of housing for families displaced from urban renewal areas or as a result of governmental action."

(13) redesignating paragraph (3) of subsection (g) as paragraph (4) and inserting after paragraph (2) of subsection (g) a new paragraph as follows:

"(3) as to mortgages meeting the requirements of this section which are insured or initially endorsed for insurance on or after the date of enactment of the Housing Act of 1961, notwithstanding the provisions of paragraphs (1) and (2) of this subsection, the Commissioner in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such paragraphs in cash or in debentures (as provided in the mortgage insurance contract), or may acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner and made previously by the mortgagee under the provisions of the mortgage, and after the acquisition of any such mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan. The ap-

appropriate provisions of sections 204 and 207 relating to the issuance of debentures shall apply with respect to debentures issued under this paragraph, and the appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this paragraph, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages so acquired (A) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 221 Housing Insurance Fund, (B) all references in section 204 to section 203 shall be construed to refer to this section, and (C) all references in section 207 to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Section 221 Housing Insurance Fund; or";

(14) striking out in paragraph (4) of subsection (g) (as redesignated by the preceding paragraph) the phrase "this paragraph (3)", each place it appears, and inserting in lieu thereof "this paragraph"; and

(15) inserting in the last sentence of subsection (h) after "cash adjustments," the following: "cash payments,".

(b) Section 101(c) of the Housing Act of 1949 is amended by—

(1) striking out "under section 220 or 221" and inserting in lieu thereof "under section 220 or section 221(d) (3)";

(2) striking out "of section 220(d), or under section 221 of the National Housing Act, as amended, if the mortgaged property is in an area described in clause (3) of section 221(a) of said Act or in a community referred to in clause (2)(B) of said section" and inserting in lieu thereof "of section 220(d) of the National Housing Act"; and

(3) striking out clause (iii) and renumbering clause (iv) as clause (iii).

(c) Section 305 of the National Housing Act is amended by adding at the end thereof a new subsection as follows:

"(h) Notwithstanding clause (2) of section 302(b) and any provision of this Act which is inconsistent with this subsection, the Association is authorized (subject to Presidential action as provided in subsection (a), as limited by subsection (c)) to purchase pursuant to commitments or otherwise, and to service, sell, or otherwise deal in, mortgages insured under the provisions of section 221(d) (3) of this Act."

(d) Section 223 of the National Housing Act is amended by redesignating subsection (b) as subsection (c), and by inserting after subsection (a) the following new subsection:

"(b) Notwithstanding any of the provisions of this title and without regard to limitations upon eligibility contained in section 221, the Commissioner may in his discretion insure under section 221(d) (3) any mortgage executed by a mortgagor of the character described therein where such mortgage is given to refinance a mortgage covering an existing property or project (other than a one- to four-family structure) located in an urban renewal area, if the Commissioner finds that such insurance will facilitate the occupancy of dwelling units in the property or project by families of low or moderate income or families displaced from an urban renewal area or displaced as a result of governmental action."

Home improvement and rehabilitation loans

SEC. 102. (a) Section 220 of the National Housing Act is amended by—

(1) striking out the provisos in subsections (d) (3) (A) (i) and (d) (3) (B) (ii) and inserting in lieu thereof in each subsection the following: "Provided, That in the case of

properties other than new construction, the foregoing limitations upon the amount of the mortgage shall be based upon the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation rather than upon the Commissioner's estimate of the replacement cost";

(2) striking out "mortgage insurance" in subsection (a) and inserting in lieu thereof "loan and mortgage insurance"; and

(3) adding at the end thereof the following subsection:

"(h) (1) To assist further in the conservation, improvement, repair, and rehabilitation of property located in the area of an urban renewal project, as provided in paragraph (1) of subsection (d) of this section, the Commissioner is authorized upon such terms and conditions as he may prescribe to make commitments to insure and to insure home improvement loans (including advances during construction or improvement) made by financial institutions on and after the date of enactment of the Housing Act of 1961. As used in this subsection, 'home improvement loan' means a loan, advance of credit or purchase of an obligation representing a loan or advance of credit made for the purpose of financing the improvement of an existing structure (or in connection with an existing structure) used or to be used primarily for residential purposes; 'improvement' means conservation, repair, restoration, rehabilitation, conversion, alteration, enlargement, or remodeling; and 'financial institution' means a lender approved by the Commissioner as eligible for insurance under section 2 or a mortgage approved under section 203(b) (1).

"(2) To be eligible for insurance under this subsection, a home improvement loan shall—

"(i) not exceed the Commissioner's estimate of the cost of improvement, or \$10,000 per family unit, whichever is the lesser;—

"(ii) be limited to an amount which when added to any outstanding indebtedness related to the property (as determined by the Commissioner) creates a total outstanding indebtedness which does not exceed the limits provided in subsection (d) (3) for properties (of the same type) other than new construction;

"(iii) bear interest at not to exceed a rate prescribed by the Commissioner, but not in excess of 6 per centum per annum of the amount of the principal obligation outstanding at any time, and such other charges (including such service charges, appraisal, inspection, and other fees) as may be approved by the Commissioner;

"(iv) have a maturity satisfactory to the Commissioner, but not to exceed twenty years from the beginning of amortization of the loan or three-quarters of the remaining economic life of the structure, whichever is the lesser;

"(v) comply with such other terms, conditions, and restrictions as the Commissioner may prescribe; and

"(vi) represent the obligation of a borrower who is the owner of the property improved, or a lessee of the property under a lease for not less than 99 years which is renewable or under a lease having a period of not less than 50 years to run from the date of the loan.

"(3) Any home improvement loan insured under this subsection may be refinanced and extended in accordance with such terms and conditions as the Commissioner may prescribe, but in no event for an additional amount or term in excess of the maximum provided for in this subsection.

"(4) There is hereby created a separate Section 220 Home Improvement Account to be maintained under the Section 220 Housing Insurance Fund and to be used by the Commissioner as a revolving fund for carry-

ing out the provisions of this subsection. The Commissioner is authorized to transfer to such fund the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. Any premium charges and appraisal and other fees received on account of the insurance of any home improvement loan accepted for insurance under this subsection, and the receipts derived from the sale, collection, deposit, or compromise of any evidence of debt, contract, claim, property, or security assigned to or held by the Commissioner in connection with the payment of insurance under this subsection, shall be credited to the Section 220 Home Improvement Account. Insurance claims under this subsection and expenses incurred in the handling, management, renovation, and disposal of any properties acquired by the Commissioner under this subsection shall be charged to the Section 220 Home Improvement Account. General expenses of operation of the Federal Housing Administration and other expenses incurred under this subsection may be charged to the Section 220 Home Improvement Account. Moneys in the Account not needed for the current operation of the Federal Housing Administration under this subsection shall be deposited with the Treasurer of the United States to the credit of the Account, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. In order to protect the solvency of the Section 220 Home Improvement Account, adequate security shall be taken in connection with loans insured under this subsection in such manner as the Commissioner may require.

"(5) The Commissioner is authorized to fix a premium charge for the insurance of home improvement loans under this subsection but in the case of any such loan such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the loan outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the financial institution either in cash or in debentures (at par plus accrued interest) issued by the Commissioner as obligations of the Section 220 Home Improvement Account, in such manner as may be prescribed by the Commissioner, and the Commissioner may require the payment of one or more such premium charges at the time the loan is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the loan. If the Commissioner finds upon presentation of a loan for insurance and the tender of the initial premium charge or charges so required that the loan complies with the provisions of this subsection, such loan may be accepted for insurance by endorsement or otherwise as the Commissioner may prescribe. In the event the principal obligation of any loan accepted for insurance under this subsection is paid in full prior to the maturity date, the Commissioner is authorized to refund to the financial institution for the account of the borrower all, or such portions as he shall determine to be equitable, of the current unearned premium charges theretofore paid.

"(6) In cases of defaults on loans insured under this subsection, upon receiving notice of default, the Commissioner, in accordance with such regulations as he may prescribe, may acquire the loan and any security therefor upon payment to the financial institution in cash or in debentures (as provided in the loan insurance contract) of a total amount equal to the unpaid principal bal-

ance of the loan, plus any accrued interest, any advances approved by the Commissioner made previously by the financial institution under the provisions of the loan instruments, and reimbursement for such collection costs, court costs, and attorney fees as may be approved by the Commissioner.

"(7) Debentures issued under this subsection shall be executed in the name of the Section 220 Home Improvement Account as obligor, shall be signed by the Commissioner, by either his written or engraved signature, shall be negotiable, and shall be dated as of the date the loan is assigned to the Commissioner and shall bear interest from that date. They shall bear interest at a rate established by the Commissioner pursuant to section 224, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature ten years after their date of issuance. They shall be exempt from taxation as provided in section 207(1) with respect to debentures issued under that section. They shall be paid out of the Section 220 Home Improvement Account which shall be primarily liable therefor and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and the guaranty shall be expressed on the face of the debentures. In the event the Section 220 Home Improvement Account fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures. Debentures issued under this subsection shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury, and they may be in coupon or registered form. Any difference between the amount of the debentures to which the financial institution is entitled, and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Commissioner to the financial institution from the Section 220 Home Improvement Account.

"(8) The provisions of subsections (c), (d), and (h) of section 2 shall apply to home improvement loans insured under this subsection, and for the purposes of this subsection references in subsections (c), (d), and (h) of section 2 to 'this section' or 'this title' shall be construed to refer to this subsection.

"(9) (A) Notwithstanding any other provisions of this Act, no home improvement loan executed in connection with the improvement of a structure for use as rental accommodations for five or more families shall be insured under this subsection unless the borrower has agreed (i) to certify, upon completion of the improvement and prior to final endorsement of the loan, either that the actual cost of improvement equaled or exceeded the proceeds of the home improvement loan, or the amount by which the proceeds of the loan exceeded the actual cost, as the case may be, and (ii) to pay forthwith to the financial institution, for application to the reduction of the principal of the loan, the amount, if any, certified to be in excess of the actual cost of improvement. Upon the Commissioner's approval of the borrower's certification as required under this paragraph, the certification shall be final and incontestable, except for fraud or material misrepresentation on the part of the borrower.

"(B) As used in subparagraph (A), the term 'actual cost' means the cost to the

borrower of the improvement, including the amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organization and legal expenses, such allocations of general overhead items as are acceptable to the Commissioner, and other items of expense approved by the Commissioner, plus a reasonable allowance for builder's profit if the borrower is also the builder, as defined by the Commissioner, and excluding the amount of any kickbacks, rebates, or trade discounts received in connection with the improvement.

"(10) Notwithstanding any other provision of this Act, the Commissioner is authorized and empowered (i) to make expenditures and advances out of funds made available by this Act to preserve and protect his interest in any security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to, insured by, or acquired by the Commissioner or by the United States under this subsection, or section 2 or 203(k); and (ii) to bid for and to purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any loan or other indebtedness owing to or acquired by the Commissioner or by the United States under this subsection, or section 2 or 203(k). The authority conferred by this paragraph may be exercised as provided in the last sentence of section 204(g)."

(b) Section 203 of the National Housing Act is amended by—

(1) striking out in subsection (e) "of the mortgage" and inserting in lieu thereof "of the loan or mortgage";

(2) striking out in subsection (e) "approved mortgagee" each place it appears and inserting in lieu thereof "approved financial institution or approved mortgagee"; and

(3) adding at the end thereof the following subsection:

"(k) To supplement the mortgage insurance provisions of this section in order to assist the conservation, improvement, and alteration of housing, the Commissioner is authorized to make commitments to insure and to insure a home improvement loan (including advances during construction or improvement) under this subsection in accordance with the provisions of section 220(h), except that (1) the structure improved shall be designed for occupancy by not more than four families and shall not be required to be located in the area of an urban renewal project, (2) the Commissioner shall find that the project with respect to which the loan is executed is economically sound, (3) all funds received and all disbursements made shall be credited or charged, as appropriate, to a separate Section 203 Home Improvement Account to be maintained as hereinafter provided under the Mutual Mortgage Insurance Fund, and (4) insurance benefits shall be paid in debentures executed in the name of the Section 203 Home Improvement Account. For the purposes of this subsection, the Commissioner shall have all the authority provided in section 220(h). Debentures issued with respect to loans insured under this subsection shall be issued in accordance with sections 220(h)(6) and 220(h)(7), except that as applied to those loans references in section 220(h) to 'this subsection' shall be construed to refer to this section 203(k), references to the Section 220 Home Improvement Account shall be construed to refer to the Section 203 Home Improvement Account, and references to the Section 220 Housing Insurance Fund shall be construed to refer to the Mutual Mortgage Insurance Fund. All of the provisions in section 220(h)(4) relative to the Section 220 Home Improvement Account shall be equally applicable to the Section 203 Home Improvement Account. There is hereby created a separate Section 203 Home Improvement Account

under the Mutual Mortgage Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this subsection, and the Commissioner is authorized to transfer to such Account the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. The provisions of section 205(c) shall not be applicable to loans insured under this subsection."

(c) Section 305 of the National Housing Act is amended by adding at the end thereof (after the new subsection added by section 101(c) of this Act) the following new subsection:

"(1) Notwithstanding any other provision of this Act, the Association is authorized (subject to Presidential action as provided in subsection (a), as limited by subsection (c)) to purchase pursuant to commitments or otherwise, and to service, sell, or otherwise deal in, any home improvement loans insured under section 220(h) of this Act."

Experimental housing mortgage insurance

SEC. 103. Title II of the National Housing Act is amended by adding at the end thereof the following section:

"Experimental housing"

"SEC. 233. (a) In order to assist in lowering housing costs and improving housing standards, quality, livability, or durability or neighborhood design through the utilization of advanced housing technology, or experimental property standards, the Commissioner is authorized to insure and to make commitments to insure, under this section, mortgages (including, in the case of mortgages insured under subsection (b)(2) of this section, advances on such mortgages during construction) secured by properties including dwellings involving the utilization and testing of advanced technology in housing design, materials, or construction, or experimental property standards for neighborhood design if the Commissioner determines that (1) the property is an acceptable risk, giving consideration to the need for testing advanced housing technology or experimental property standards, (2) the utilization and testing of the advanced technology or experimental property standards involved will provide data or experience which the Commissioner deems to be significant in reducing housing costs or improving housing standards, quality, livability, or durability, or improving neighborhood design, and (3) the mortgages are eligible for insurance under the provisions of this section and under any further terms and conditions which may be prescribed by the Commissioner to establish the acceptability of the mortgages for insurance.

"(b) To be eligible for insurance under this section a mortgage shall—

"(1) meet the requirements of section 203(b), except that the maximum principal obligation of the mortgage as computed under clauses (i), (ii), and (iii) of section 203(b)(2) shall be determined on the basis of the Commissioner's estimate of the cost of replacing the property using comparable conventional design, materials, and construction rather than value, and the proviso in section 203(b)(8) shall not be applicable to mortgages insured under this section; or

"(2) meet the requirements of section 207(b) and section 207(c), except that the maximum principal obligation of the mortgage as computed under section 207(c)(2) shall be determined on the basis of the Commissioner's estimate of the cost of replacing the property using comparable conventional design, materials, and construction rather than value.

"(c) The Commissioner may enter into such contracts, agreements, and financial undertakings with the mortgagor and others as he deems necessary or desirable to carry out the purposes of this section, and may

expend available funds for such purposes, including the correction (when he determines it necessary to protect the occupants), at any time subsequent to insurance of a mortgage, of defects or failures in the dwellings which the Commissioner finds are caused by or related to the advanced housing technology utilized in their design or construction or experimental property standards.

"(d) The Commissioner may make such investigations and analyses of data, and publish and distribute such reports, as he determines to be necessary or desirable to assure the most beneficial use of the data and information to be acquired as a result of this section.

"(e) Any mortgagee under a mortgage insured under subsection (b)(1) of this section shall be entitled to the benefits of the insurance as provided in section 204(a) with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall apply to the mortgages insured under subsection (b)(1), except that as applied to those mortgages (1) all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Experimental Housing Insurance Fund, and (2) all references therein to section 203 shall be construed to refer to this section.

"(f) Any mortgagee under a mortgage insured under subsection (b)(2) of this section shall be entitled to the benefits of the insurance as provided in section 207(g) with respect to mortgages insured under section 207, and the provisions of subsections (d), (e), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 shall apply to the mortgages insured under subsection (b)(2) of this section, except that as applied to those mortgages (1) all references therein to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Experimental Housing Insurance Fund, and (2) all references therein to 'this section' shall be construed to refer to this section 233.

"(g) Notwithstanding the provisions of subsections (e) and (f) of this section, in the case of default of any mortgage insured under this section, the Commissioner in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such subsections in cash or in debentures (as provided in the mortgage insurance contract), or may acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner made previously by the mortgagee under the provisions of the mortgage. After the acquisition of the mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the mortgage. The appropriate provisions of sections 204 and 207 relating to the issuance of debentures shall apply with respect to debentures issued under this subsection, and the appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this subsection, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages insured under this section (1) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Experimental Housing Insurance

Fund, (2) all references in section 204 to section 203 shall be construed to refer to this section, and (3) all references in section 207 to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Experimental Housing Insurance Fund.

"(h) There is hereby created an Experimental Housing Insurance Fund to be used by the Commissioner as a revolving fund to carry out the provisions of this section, and the Commissioner is directed to transfer the sum of \$1,000,000 to the Fund from the War Housing Insurance Fund created by section 602 of this Act. General expenses of operation of the Federal Housing Administration and other expenses incurred under this section may be charged to the Experimental Housing Insurance Fund."

Individually owned units in multifamily structures

SEC. 104. Title II of the National Housing Act is amended by adding after section 233 (as added by section 103 of this Act) the following section:

"Mortgage insurance for individually owned units in multifamily structures"

"SEC. 234. (a) The purpose of this section is to provide an additional means of increasing the supply of privately owned dwelling units where, under the laws of the State in which the property is located, real property title and ownership are established with respect to a one-family unit which is part of a multifamily structure.

"(b) The terms 'mortgage', 'mortgagee', 'mortgagor', 'maturity date', and 'State' shall have the meanings respectively set forth in section 201, except that the term 'mortgage' for the purposes of this section may include a first mortgage given to secure the unpaid purchase price of a fee interest in, or a long-term leasehold interest in, a one-family unit in a multifamily structure and an undivided interest in (or share in cooperative ownership of) the common areas and facilities which serve the structure where the mortgage is determined by the Commissioner to be eligible for insurance under this section. The term 'common areas and facilities' as used in this section shall be deemed to include the land and such commercial, community, and other facilities as are approved by the Commissioner.

"(c) The Commissioner is authorized, in his discretion and under such terms and conditions as he may prescribe (including the minimum number of family units in the structure which shall be offered for sale and provisions for the protection of the consumer and the public interest), to insure any mortgage covering a one-family unit in a multifamily structure and an undivided interest in (or share in cooperative ownership of) the common areas and facilities which serve the structure, if (1) the mortgage meets the requirements of this section and of section 203(b), except as that section is modified by this section; (2) the structure is or has been covered by a mortgage insured under another section (except section 213) of this Act, notwithstanding any requirements in any such section that the structure be constructed or rehabilitated for the purpose of providing rental housing; and (3) the mortgagor is acquiring a one-family unit for his own use and occupancy and not for speculative purposes. Any project proposed to be constructed or rehabilitated after the date of enactment of the Housing Act of 1961 with the assistance of mortgage insurance under this Act, where the sale of family units is to be assisted with mortgage insurance under this section, shall be subject to such requirements as the Commissioner may prescribe. To be eligible for insurance pursuant to this section a mortgage shall (A) involve a principal obligation in an amount not to exceed the limits per room and per family dwelling

unit provided by section 207(c)(3), and not to exceed the sum of (i) 97 per centum of \$13,500 of the amount which the Commissioner estimates will be the appraised value of the family unit including common areas and facilities as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of \$13,500 but not in excess of \$18,000, and (iii) 70 per centum of such value in excess of \$18,000, and (B) have a maturity satisfactory to the Commissioner but not to exceed, in any event, thirty years from the date of the beginning of amortization of the mortgage or three-fourths of the Commissioner's estimate of the remaining economic life of the structure, whichever is the lesser. In determining the amount of a mortgage in the case of a nonoccupant mortgagor the reference to paragraph (2) of section 203(b) in section 203(b)(8) shall be construed to refer to the preceding sentence in this section. The mortgage shall contain such provisions as the Commissioner determines to be necessary for the maintenance of common areas and facilities and the multifamily structure. The mortgagor shall have exclusive right to the use of the one-family unit covered by the mortgage and, together with the owners of other units in the multifamily structure, shall have the right to the use of the common areas and facilities serving the structure and the obligation of maintaining all such common areas and facilities. The Commissioner may require that the rights and obligations of the mortgagor and the owners of other dwelling units in the structure shall be subject to such controls as he determines to be necessary and feasible to promote and protect individual owners, the multifamily structure, and its occupants. For the purposes of this section, the Commissioner is authorized in his discretion and under such terms and conditions as he may prescribe to permit one-family units and interests in common areas and facilities in multifamily structures covered by mortgages insured under any section of this Act (other than section 213) to be released from the liens of those mortgages.

"(d) Any mortgagee under a mortgage insured under this section is entitled to receive the benefits of the insurance as provided in section 204(a) of this Act with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall be applicable to the mortgages insured under this section, except that (1) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Apartment Unit Insurance Fund, (2) all references therein to section 203 shall be construed to refer to this section, and (3) the excess remaining, referred to in section 204(f)(1), shall be retained by the Commissioner and credited to the Apartment Unit Insurance Fund.

"(e) There is hereby created the Apartment Unit Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section. The Commissioner is authorized to transfer to the Fund the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Apartment Unit Insurance Fund. The provisions of the second and third paragraphs of section 220(g) shall be applicable to the Apartment Unit Insurance Fund and to this section, all references therein to the Section 220 Housing Insurance Fund or the Fund shall be construed to refer to the Apartment Unit Insurance Fund, and all references therein to 'this section' shall be construed to refer to this section 234.

"(f) The provisions of section 225, 229, and 230 shall be applicable to the mortgages insured under this section."

Mr. RAINS (interrupting the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. RAINS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RAINS: Page 58, strike out line 7 and all that follows down through page 70, line 5, and insert the following:

"HOUSING FOR MODERATE INCOME FAMILIES

"SEC. 101. (a) Section 221 of the National Housing Act is amended by—

"(1) inserting before the text of such section a section heading as follows:

"HOUSING FOR MODERATE INCOME AND DISPLACED FAMILIES"

"(2) striking out subsection (a) and inserting in lieu thereof the following:

"(a) This section is designed to assist private industry in providing housing for low and moderate income families and families displaced from urban renewal areas or as a result of governmental action;"

"(3) inserting in subsection (b) after 'any mortgage' the following: '(including advances during construction on mortgages covering property of the character described in paragraphs (3) and (4) of subsection (d) of this section)';

"(4) striking out all of subsection (d) (2) down through 'other prepaid expenses:' and inserting in lieu thereof the following:

"(2) be secured by property upon which there is located a dwelling designed principally for a single-family residence, conforming to applicable standards prescribed by the Commissioner under subsection (f) of this section, and meeting the requirements of all State laws, or local ordinances or regulations, relating to the public health or safety, zoning, or otherwise, which may be applicable thereto, and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount (A) not to exceed \$11,000, except that the Commissioner may increase such amount to not to exceed \$15,000 in any geographical area where he finds that cost levels so require; and (B) (i) in the case of new construction, not to exceed the appraised value (as of the date the mortgage is accepted for insurance) of any such property, less such amount, in the case of any mortgagor, as may be necessary to comply with the succeeding provisos, and (ii) in the case of repair and rehabilitation, the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation: *Provided*, That if the mortgagor is the owner and occupant of the property at the time of insurance, he shall have paid on account of the property at least \$200 in the case of a family displaced from an urban renewal area or as a result of governmental action, or at least 3 per centum of the appraised value of the property as of such time in any other case, which amount may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses:"

"(5) striking out the last proviso in subsection (d) (2);

"(6) striking out subsection (d) (3) and inserting in lieu thereof the following:

"(3) if executed by a mortgagor which is a public body or agency (other than a public housing agency under the United States Housing Act of 1937), a cooperative (including an investor-sponsor who meets such requirements as the Commissioner may

impose to assure that the consumer interest is protected), or a limited dividend corporation (as defined by the Commissioner), or a private nonprofit corporation or association regulated or supervised under Federal or State laws or by political subdivisions of States, or agencies thereof, or by the Commissioner under a regulatory agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such manner as in the opinion of the Commissioner will effectuate the purposes of this section—

"(i) not exceed \$12,500,000;

"(ii) not exceed for such part of such property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$2,250 per room (or \$8,500 per family unit if the number of rooms in such property or project is less than four per family unit), except that the Commissioner may in his discretion increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,750 per room, and the dollar amount limitation of \$8,500 per family unit to not to exceed \$9,000 per family unit, as the case may be, to compensate for higher costs incident to the construction of elevator type structures of sound standards of construction and design, and except that the Commissioner may increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,000 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require; and

"(iii) not exceed (1) in the case of new construction, the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner), or (2) in the case of repair and rehabilitation, the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation: *Provided*, That such property or project, when constructed, or repaired and rehabilitated, shall be for use as a rental or cooperative project, and low and moderate income families or families displaced by urban renewal or other governmental action shall be eligible for occupancy in accordance with such regulations and procedures as may be prescribed by the Commissioner and the Commissioner may adopt such requirements as he determines to be desirable regarding consultation with local public officials where such consultation is appropriate by reason of the relationship of such project to projects under other local programs; or";

"(7) striking out in subsection (d) (4) 'which is not a nonprofit organization' and inserting in lieu thereof 'other than a mortgagor referred to in subsection (d) (3)';

"(8) striking out subsection (d) (4) (ii) and inserting in lieu thereof the following:

"(ii) not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$2,250 per room (or \$8,500 per family unit if the number of rooms in such property or project is less than four per family unit), except that the Commissioner may in his discretion increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,750 per room, and the dollar amount limitation of \$8,500 per family unit to not to exceed \$9,000 per family unit, as the case may be, to compensate for higher costs incident to the construction of elevator type structures of sound standards of construc-

tion and design, and except that the Commissioner may increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,000 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require;"

"(9) striking out in subsection (d) (4) (iv) all that follows '(iv)' down through 'And provided further' and inserting in lieu thereof the following: 'not to exceed 90 per centum of the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation if the proceeds of the mortgage are to be used for the repair and rehabilitation of a property or project: *Provided*:'

"(10) striking out in subsection (d) (5) 'but not to exceed forty years from the date of insurance of the mortgage' and inserting in lieu thereof 'but as to mortgages coming within the provisions of subsection (d) (2) not to exceed forty years from the date of beginning of amortization of the mortgage in the case of a family displaced from an urban renewal area or as a result of governmental action or thirty-five years from such date in any other case,';

"(11) inserting before the period at the end of subsection (d) (5) the following: '*Provided*, That a mortgage insured under the provisions of subsection (d) (3) shall bear interest (exclusive of any premium charges for insurance and service charge, if any) at not less than the annual rate of interest determined, from time to time by the Secretary of the Treasury at the request of the Commissioner, by estimating the average market yield to maturity on all outstanding marketable obligations of the United States, and by adjusting such yield to the nearest one-eighth of 1 per centum, and there shall be no differentiation in the rate of interest charged under this proviso as between mortgagors under subsection (d) (3) on the basis of differences in the types or classes of such mortgagors';

"(12) inserting the following at the end of subsection (f): 'A property or project covered by a mortgage insured under the provisions of subsection (d) (3) or (d) (4) shall include five or more family units. The Commissioner is authorized to adopt such procedures and requirements as he determines are desirable to assure that the dwelling accommodations provided under this section are available to families displaced from urban renewal areas or as a result of governmental action. Notwithstanding any provision of this Act, the Commissioner, in order to assist further the provision of housing for low and moderate income families, in his discretion and under such conditions as he may prescribe, may insure a mortgage which meets the requirements of subsection (d) (3) of this section as in effect after the date of enactment of the Housing Act of 1961, with no premium charge, with a reduced premium charge, or with a premium charge for such period or periods during the time the insurance is in effect as the Commissioner may determine, and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to reimburse the Section 221 Housing Insurance Fund for any net losses in connection with such insurance; but in any case where the premium charge is waived or reduced (either as to amount or as to period payable) or where the interest rate as determined under the proviso in subsection (d) (5) is below the market rate for similar mortgages as determined by the Commissioner, initial occupancy of a project covered by such a mortgage shall be limited under regulations of the Commissioner to families and individuals whose incomes make it impossible for them to obtain decent, safe,

and sanitary housing in the private market. No mortgage shall be insured under this section after July 1, 1963, except pursuant to a commitment to insure before that date, or except a mortgage covering property which the Commissioner finds will assist in the provision of housing for families displaced from urban renewal areas or as a result of governmental action;

"(13) redesignating paragraph (3) of subsection (g) as paragraph (4) and inserting after paragraph (2) of subsection (g) a new paragraph as follows:

"(3) as to mortgages meeting the requirements of this section which are insured or initially endorsed for insurance on or after the date of enactment of the Housing Act of 1961, notwithstanding the provisions of paragraphs (1) and (2) of this subsection, the Commissioner in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such paragraphs in cash or in debentures (as provided in the mortgage insurance contract), or may acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner and made previously by the mortgagee under the provisions of the mortgage, and after the acquisition of any such mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan. The appropriate provisions of sections 204 and 207 relating to the issuance of debentures shall apply with respect to debentures issued under this paragraph, and the appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this paragraph, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages so acquired (A) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 221 Housing Insurance Fund, (B) all references in section 204 to section 203 shall be construed to refer to this section, and (C) all references in section 207 to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Section 221 Housing Insurance Fund; or;

"(14) striking out in paragraph (4) of subsection (g) (as redesignated by the preceding paragraph) the phrase 'this paragraph (3)', each place it appears, and inserting in lieu thereof 'this paragraph'; and

"(15) inserting in the last sentence of subsection (h) after 'cash adjustments,' the following: 'cash payments,'.

"(b) Section 101(c) of the Housing Act of 1949 is amended by—

"(1) striking out 'under section 220 or 221' and inserting in lieu thereof 'under section 220 or section 221(a)(3)';

"(2) striking out 'of section 220(d), or under section 221 of the National Housing Act, as amended, if the mortgaged property is in an area described in clause (3) of section 221(a) of said Act, or in a community referred to in clause (2)(B) of said section' and inserting in lieu thereof 'of section 220(d) of the National Housing Act'; and

"(3) striking out clause (iii) and renumbering clause (iv) as clause (iii).

"(c) Section 305 of the National Housing Act is amended by adding at the end thereof a new subsection as follows:

"(h) Notwithstanding clause (2) of section 302(b) and any provision of this Act which is inconsistent with this subsection, the Association is authorized (subject to Presidential action as provided in subsection (a), as limited by subsection (c)) to purchase pursuant to commitments or otherwise, and to service, sell, or otherwise deal in, mortgages insured under the provisions of section 221(d)(3) of this Act."

"(d) Section 223 of the National Housing Act is amended by redesignating subsection (b) as subsection (c), and by inserting after subsection (a) the following new subsection:

"(b) Notwithstanding any of the provisions of this title and without regard to limitations upon eligibility contained in section 221, the Commissioner may in his discretion insure under section 221(d)(3) any mortgage executed by a mortgagor of the character described therein where such mortgage is given to refinance a mortgage covering an existing property or project (other than a one- to four-family structure) located in an urban renewal area, if the Commissioner finds that such insurance will facilitate the occupancy of dwelling units in the property or project by families of low or moderate income or families displaced from an urban renewal area or displaced as a result of governmental action."

Mr. RAINS (interrupting the reading). Mr. Chairman, I am sure the Members are familiar with the purport of this amendment. I ask unanimous consent that further reading of the amendment be dispensed with.

Mr. DERWINSKI. Mr. Chairman, reserving the right to object, will there be ample time to discuss this amendment and know what it is about?

Mr. RAINS. I have only 5 minutes but I will do the best I can to explain it. I am sure there will be plenty of time to debate it.

Mr. Chairman, in all of the discussion on the housing bill, and in all the talks I have had about it since it was reported, no single subject seems to have touched off as much steam as the proposal to permit 40-year loans with a \$200 downpayment for families of modest income.

Frankly, I am at a loss to understand why so much heat has been generated on this one topic. For one thing, we have had an FHA 40-year loan on the statute books for many years. Since 1950 a 40-year loan has been available to sales type cooperatives under the section 213 program. Forty-year loans have been available for displaced families under section 221 since 1954, a provision I should point out which was authorized in the Housing Act of 1954 during a time when our colleagues on the other side of the aisle were in control of the Congress.

No one seems to realize that the repayment experience on these loans has been excellent. Losses on 40-year loans insured to date by FHA have been minimal, no more than one-fourth of 1 percent.

All that section 101 of the bill proposes to do is to expand the eligible groups that can benefit by the terms of a 40-year loan with a \$200 cash payment. Under the terms of the bill, any family, not just a displaced family, would be able to buy a house on these terms, provided the house does not cost more than \$15,000.

I do not intend at this time to discuss the merits and demerits of the 40-year loan with a \$200 cash payment. All of us know that after yesterday's general debate there is not much new that can be said on the subject.

Mr. Chairman, after 16 years in this great representative body, I have learned that at times a realistic compromise is the only answer. It became clear that for various reasons a majority of this body is reluctant to authorize a more general application of what is called the 40-year, no downpayment loan, although for many families the \$200 cash payment is certainly a substantial downpayment in their minds. For this reason, Mr. Chairman, as I stated yesterday, I am now offering an amendment to the amendment to strike section 101 which I hope will reconcile the differences and objections on this controversial subject.

My amendment, Mr. Chairman, is a redraft of section 101. It incorporates most of the present section 101 and makes only the following changes:

First, it limits section 221 financing to single-family dwellings. I have always had reservations about the desirability of permitting this liberal form of financing to be used by a single person buying a 2-, 3-, or 4-family unit; and, accordingly, my amendment confines the sales housing provision of section 221 to single-family homes.

Second, my amendment reduces the permissible maturity from 40 to 35 years. The 35-year term will not permit as substantial a reduction in monthly financing charges as a 40-year loan, but it will still offer lower payments than the present 30-year maximum.

Third, my amendment would require the same downpayment factor as is prescribed for the regular FHA section 203 sales housing program. In other words, each family would have to pay a minimum of 3 percent of the purchase price of the home. However, to give some measure of preference to moderate income families my amendment would permit the 3-percent payment to cover closing costs. In other words 3 percent of the price would be the total cash payment required. Under section 203 part of the closing costs have to be paid in cash as well.

I should emphasize, Mr. Chairman, that these restrictive amendments will apply only to the new eligible groups under section 221 and will not affect the existing financing terms available to displaced families for single-family homes. Forty years with a \$200 cash payment.

Mr. Chairman, I believe that these three amendments to section 101 should remove most, if not all, of the features which so many Members of this body have apparently found objectionable. With these amendments I cannot conceive of a majority of this body rejecting section 101 of the bill and I hope that with the adoption of my amendment all of the furor and controversy over this provision will be laid to rest.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from Iowa.

Mr. JENSEN. Does the committee bill provide that a borrower of money to build a home under the provisions of this act must live in the home?

Mr. RAINS. Yes.

It has always been in the basic FHA law and is required by FHA regulations that it must be his residence.

Mr. JENSEN. Can this borrower sell that home at his own discretion at any time?

Mr. RAINS. Why, that has always been the law. This is a straight FHA program. You certainly cannot say he could not sell his house.

Mr. JENSEN. Then he can borrow to build another home?

Mr. RAINS. Certainly. He does not borrow it from the Government.

Mr. JENSEN. Of course, that would create speculation in homebuilding.

Mr. RAINS. I never heard that before.

Mr. JENSEN. By a borrower.

Mr. RAINS. I never heard that argument advanced.

Mr. JENSEN. Certainly. I was in the lumber business for 24 years, and I know all about it.

Mr. RAINS. Would the gentleman be willing to restrict FHA loans and say you can only have one of these loans? If you did, you would strangle the homebuilding industry in this country and the lumber business also.

Mr. JENSEN. I believe there should be a provision in the bill that would keep a borrower from being a speculator in homes.

Mr. RAINS. I do not think that should be in the bill at all.

(Mr. CLEM MILLER asked and was given permission to revise and extend his remarks.)

Mr. CLEM MILLER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it has been generally agreed by spokesmen from varying points of view that a major housing need in the United States today is housing for moderate-income or middle-income families.

Families in this group, whose incomes are too high to qualify them for public assistance housing and too low to enable them to enter the open market for privately constructed housing have nowhere to turn. We feel that the new housing bill goes a long way to meet the needs of these families with the special provisions for 40-year mortgages, no downpayments, and lower interest rates.

We all recognize that the housing market has increasingly become a selective market. It is no longer possible, as it once was, to meet a vast unfilled backlog of demand for housing by simply providing ample credit. Credit must be used selectively in such a manner as to encourage private industry to meet the unfulfilled demands of moderate income families.

It is here, among the moderate- and middle-income families that the largest unfulfilled demand for housing exists.

We face the problem of determining the limits of this sector of the American economy. Who are the moderate income? And is it not true that as we

move from one section of the country to another we find that the composition of this group by occupation and wage levels changes.

VARIATIONS IN CITY WORKERS' BUDGETS

As the following illustrates, the cost of the family budget of a city worker varies widely from city to city. To provide the same size family with the same "modest but adequate" level of living cost \$5,370 in Houston, Tex., in the autumn of 1959 and \$6,567 in Chicago, Ill. San Francisco is \$6,304, Los Angeles, \$6,285, Portland, \$6,222, and so on.

The Department of Labor defines a city worker's budget as follows:

The city worker's family budget was originally developed by the Bureau of Labor Statistics in 1946-47 at the request of the Congress and with the assistance of a technical advisory committee. It relates to a family of 4 persons, consisting of an employed husband, aged 38, with a wife not employed outside the home, and 2 children, a girl aged 8 and a boy aged 13, who live in a rented dwelling in a large city or its suburbs. It was designed to estimate the dollar amount required to maintain such a family at a level of adequate living, according to prevailing standards of what is needed for health, efficiency, the nurture of children, and for participating in social and community activities—a level of living described as modest but adequate.

The modest but adequate level of living described by this budget standard is neither a minimum maintenance nor a luxury level. The budget does not show how an average family actually spends its money; neither does it show how a family should spend its money. Rather, it is an estimate of the total cost of a representative list of goods and services considered necessary by 4-person city families of the budget type to maintain a level of adequate living according to standards prevailing in large cities of the United States in recent years.

SAN FRANCISCO BAY AREA

In the bay area of San Francisco, figures are available, as provided by the Heller Committee for Research in Social Economics of the University of California, for the budget for a salaried worker and wage earner family. This budget, which is a more appropriate measure for this area shows the following:

HELLER BUDGETS FOR SALARIED WORKER AND WAGE EARNER, SAN FRANCISCO DEFINITIONS AND AMOUNTS, SEPTEMBER 1960

THE BUDGET DEFINED

The Heller Committee budgets are an attempt to measure the cost of maintaining the commonly accepted standards of living of families in two different occupational groups. The difficulty in defining this concept precisely, so that there can be no doubt as to what should or should not be included in the budgets, has been pointed out many times. There is, however, general agreement that the budget items should be determined by conventional and social as well as by biological needs. The Heller Committee has attempted to describe the "commonly accepted" standard of living as the sum of those goods and services that public opinion currently recognizes as necessary to health and reasonably comfortable living. The term "necessary" as used here includes far more than a minimum of physical needs. It represents what men commonly expect to enjoy, what "is urgently desired and striven for, special gratification attending substantial success and substantial failure yielding bitter frustration."

Cost of budget for a family of 4,
September 1960

Salaried worker, homeowner-----	\$9,816
Wage earner, home owner-----	6,892
Wage earner, home renter-----	6,488

HOUSING COSTS

For this same area I have obtained some very significant figures on housing costs which indicate the range of the middle-income families whose special housing needs this bill will, in part, meet:

First. Public housing: The maximum net family incomes for a family of four qualifying for public housing in San Francisco cannot exceed \$4,200.

Second. Private housing: Private housing, for sale or rent, in the bay area comes on the market at the following approximate levels, (a) sale: Under FHA eligibility standards, the net family income required for the purchase of medium priced dwellings in San Francisco after 10 percent down and a 25-year mortgage at 6 percent is \$8,500; (b) rent: Although rental data is less accurate, the lowest rentals announced for apartments to be built in San Francisco redevelopment areas, are \$165 per month for 2 bedrooms, and \$175 for 3 bedrooms. Based on FHA eligibility standards a family must have minimum net incomes of \$7,900 and \$8,500 annually to be eligible for such housing.

It is therefore clear that in this particular area, middle and moderate income families will fall within the wide-range of \$4,200 and \$8,500. Any family falling within this spread must of necessity qualify for the middle and moderate income housing to be provided by this bill. Unless the qualifications are so drawn to encompass both ends of this group, the intent of Congress will surely be frustrated.

CONCLUSION

I believe that we are, in the moderate income housing provisions of the 1961 bill, meeting to some degree the need of the types of people I have been talking about.

It is essential that the middle-income bracket eligible to qualify for the new program be carefully scrutinized to provide for that group it is intended to serve. The gap may well be a lot broader than now believed.

A typical example is the non-profit, cooperative housing project, jointly sponsored by the International Longshoremen's and Warehousemen's Union and the employer group, the Pacific Maritime Association. This cooperative project is proposed to build three-story, garden-style apartments for moderate incomes. If the gap between public housing and private is not carefully surveyed, this most eligible-type project may be jeopardized.

I hope that in light of the program that the HHFA will carefully consider regional differences and the extent of the gap which exists for the middle-income family.

Mr. Chairman, I take this time to direct an inquiry to the chairman of the subcommittee, the gentleman from Alabama [Mr. RAINS] on the important point relating to incomes and what would be regarded as a "middle income." Some

areas are designated as high-cost-of-living areas and others as low-cost-of-living areas. There was considerable discussion in the committee and elsewhere in regard to this subject of what constitutes middle income, and I believe there should be some clarification in the RECORD as it relates to section 103 of the bill amending section 221.

Mr. RAINS. I think that it varies by sections, as the gentleman so well stated. But, on the basis generally accepted, it is from \$4,000 to \$6,500 as the average of the so-called modest income.

Mr. CLEM MILLER. Does the gentleman feel that in certain sections of the country, where evidence may be present of high costs, that it might vary from these limits?

Mr. RAINS. The committee bill recognizes that fact, because there is a difference, as the gentleman knows, in the amount of the two. The house could cost up to \$15,000 in the high-cost area and in the low-cost area, \$11,000. I certainly agree to that.

Mr. CLEM MILLER. In a study of the San Francisco region we learn that the median worker's income was in the vicinity of \$6,500, yet private housing is not available for incomes of that level.

Mr. RAINS. I can see absolutely no reason as to why, the place where incomes are on the average higher, they could not participate, because there is no Government participation other than in the insurance.

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, may I first direct an inquiry to the gentleman from Alabama?

In the amendment that is now before the House do you make any changes in the definition or figures applying to high-cost areas? May I ask if in this amendment before the House there is any change in the definition or description of what is a moderate- or low-income family?

Mr. RAINS. None whatever. That language is the same.

Mr. DERWINSKI. Then the changes, basically, are the 35-year loan at 3 percent, plus the closing costs as downpayment?

Mr. RAINS. That is correct.

Mr. DERWINSKI. An the amendment is restricted to single-family units?

Mr. RAINS. That is correct. It does not apply to two-, three-, and four-family units. That is the amendment exactly.

Mr. DERWINSKI. Mr. Chairman, I rise in favor of the amendment. However, in supporting this amendment and one other substantially good amendment which the gentleman from Alabama [Mr. RAINS] will offer at another point in the bill, we should not be deluded into thinking that we have perfected the bill and produced a good bill from what was previously a bad bill.

As I understand the gentleman from Alabama, the reason we have this constructive amendment is because the portion of the bill as written aroused so much opposition that it could not be defended.

At another point, as I have indicated, we are to be offered another amendment by the gentleman for the very same reason—the bill in that portion has drawn too much heat. But this does not detract from the fact that we have basically an extremely costly, cumbersome, questionable, unworkable bill that might best be described as a legislative monstrosity and later will be described to you as an administrative monstrosity.

I would like to point out in the years to come when we as Members of Congress are approached by our constituents complaining about the administrative interpretation of this housing bill, the only answer we could give is to throw up our hands and say we will not be able to adjust problems with the new housing bill in Congress until 1965. For the next 4 years you are going to be at the mercy of the administration and the bureaucrats administering this program. Therefore, despite this sound amendment the gentleman from Alabama has submitted to you, basically this is an unsound bill and all we are doing is taking a little bit of bad from a completely impractical, unsound proposal. Even though I rise to support this amendment I remind you in the best interest of the taxpayers, the best interest of good, solid, substantial housing development across the country, we should still defeat this bill and accept the McDonough amendment which will be offered in the form of a motion to recommit, and then we will still write a good housing bill here today.

Mr. HIESTAND. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. HIESTAND of California, to the amendment offered by Mr. RAINS of Alabama, for the pending amendment to H.R. 6028:

In paragraph (10) of the proposed section 101(a) (appearing on page 8 of the substitute), strike out "35 years from such date in any other case" and insert "30 years from such date in any other case."

Mr. HIESTAND. Mr. Chairman, this is a very simple amendment and explains itself. It is introduced to preserve the veterans' preference thinking in this whole bill.

Some years ago, when I was a member of the Committee on Banking and Currency the proposition first came up for a no-downpayment provision. There was violent objection, because that would run into competition with veterans' loans.

It seems to me it would make sense to make this change. The very eloquent gentleman from Alabama [Mr. RAINS], with his amendment, would improve the bill; if his amendment is adopted, there is no doubt it will improve the bill. I do think, however, my amendment would improve it further. I think it is our duty to do all we can to improve the bill. I think the amendment is a very simple one, easily understood, and I ask a favorable vote upon it.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. HIESTAND. I yield to the gentleman.

Mr. MULTER. All the gentleman's amendment does is to change the 35-

year provision as contained in the Rains amendment to 30 years; is that correct?

Mr. HIESTAND. That is correct.

Mr. MULTER. Actually, it does not touch any of the veterans' preferences?

Mr. HIESTAND. No, but it would make it more parallel with the veterans' preferences.

Mr. MULTER. What the gentleman is really seeking to do is to modify the 35-year mortgage plan under the Rains amendment to 30 years.

Mr. HIESTAND. That is correct.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. HIESTAND] to the amendment offered by the gentleman from Alabama [Mr. RAINS].

The question was taken; and on a division (demanded by Mr. HALLECK) there were—ayes 122, noes 133.

Mr. BYRNES of Wisconsin. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. McDONOUGH and Mr. RAINS.

The Committee again divided, and the tellers reported that there were—ayes 156, noes 171.

So the amendment to the amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Alabama.

The amendment was agreed to.

Mr. McDONOUGH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McDONOUGH: On page 60, lines 7 through 9, strike out "a public body or agency other than a public housing agency."

Mr. RAINS. Mr. Chairman, I make a point of order against the amendment on the ground that we have already passed the section. This is part of title I.

The CHAIRMAN. That section has been stricken, and an amendment would be out of order.

The amendment was offered to a section which was stricken by the amendment offered by the gentleman from Alabama, which has now been adopted by the Committee. The amendment, therefore, is out of order.

Mr. McDONOUGH. The action just taken by the Committee was on an amendment to the amendment.

The CHAIRMAN. Section 101 in its entirety was stricken and new language adopted. The gentleman from California offers an amendment to language appearing on page 60 of the printed version of the bill which is no longer the language of the bill.

Mr. McDONOUGH. Does the language which was inserted as the result of the amendment include the language that was previously in the bill in reference to public bodies?

The CHAIRMAN. That is not within the knowledge of the Chair. The Chair does not know.

Mr. McDONOUGH. If the Chair please, if it is, I think my amendment would be in order.

The CHAIRMAN. The Chair rules that an amendment offered to insert language which has now been changed

is out of order. If the gentleman has an amendment to offer to the amendment offered by the gentleman from Alabama, that also is out of order.

Mr. HALLECK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HALLECK. The substantive effect, as I understand, of the amendment offered by the gentleman from Alabama [Mr. RAINS], was to reduce the 40 years to 35 years and provide for a downpayment, and then to reduce to a single unit from four units. Did it go beyond that and restate all the rest of title I in such fashion as that now any further amendment to title I is precluded? I must say if that is the result it is something of a shock to those of us who had other amendments to offer.

The CHAIRMAN. The Chair regrets that it comes as a shock. The gentleman from Alabama moved to substitute the entire language in section 101, and the House has now done just that, so amendments thereto are out of order.

Mr. McDONOUGH. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. McDONOUGH. If the amendment offered by the gentleman from Alabama was to amend section 101 of the bill—

The CHAIRMAN. The gentleman from Alabama offered an amendment to section 101 of the bill, that struck out all of section 101 and inserted new language which has now been adopted by the Committee.

Mr. DERWINSKI. Mr. Chairman, a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DERWINSKI. If we have adopted a complete substitute are not amendments in order to any language in the substitute?

The CHAIRMAN. Not at this time. They were in order when the gentleman from California offered his amendment reducing the time from 35 years to 30 years, but there were no further amendments. The amendment offered by the gentleman from Alabama has now been adopted.

Mr. LINDSAY. Mr. Chairman, I regret that the Chair saw fit to rule out of order further amendments to section 101. I had sent to the desk my amendment to section 101(a), which was in the nature of a substitute for the administration's 40-year, no-downpayment mortgage provision. In my judgment it was a far preferable proposal for supplying middle-income housing to our great urban and suburban centers.

Possibly I would be free at a later time during this debate to offer this amendment as an addition to the entire bill. I shall not do so, however, as I do not wish to add to the cost of the bill, in view of the fact that title I, as amended, remains in the bill. I think that title I, as amended, or my proposal is necessary. I prefer my proposal. I do not think, however, that we can have both.

Mr. Chairman, I am one of those who feels that the Federal Government has a very positive role to play in the field of housing—particularly as the subject affects the exploding metropolis. Let us remember that 70 percent of our population live in the great urban and suburban centers of our country. This is a mobile population, which is all the more reason why the Federal Government has an important role. I agree that the investment that we make in our cities in terms of their planned growth—the elimination of blight, the building of housing that people can reasonably afford, the promotion of parks and playgrounds—is an investment for the benefit of all Americans, whether or not they live in cities.

The great need for middle-income housing is in the urban and suburban centers of the United States. Federal legislation should be pinpointed to need. My proposal, which I had planned to offer as a substitute, would have met this specific need. It is a program that has been tried and found to work. It has been proven. A week ago I wrote a letter to each Member of the House describing the proposal, and in yesterday's RECORD I inserted a full and complete description of the proposal. I urge every Member who may be interested to read the RECORD on this subject on pages 10093 to 10102, for I shall press for the program in the future.

The amendment would have created a Federal Limited Profit Mortgage Corporation which would make loans secured by housing projects for moderate-income families or for elderly persons. The Corporation would be started with a \$100 million stock subscription by the Treasury and would obtain its funds by borrowing in the private market.

The loans would be made for periods of up to 50 years at interest rates equivalent to the rates at which tax-exempt Treasury bonds are sold, but not to exceed 4 percent. These loans could not exceed 90 percent of development cost, and the Corporation would charge one-half of 1 percent in addition to the cost of money to the Corporation.

Borrowers would be limited to a return of 6 percent, and rents and carrying charges would be regulated to insure the production of housing to rent at levels within the means of elderly persons and moderate-income families.

Families of moderate income are defined to mean families, or individuals, whose incomes preclude them from purchasing or renting conventionally financed new housing with total monthly housing expenditures of 20 percent of their normal stable income, as defined by the Federal Housing Administration. Elderly persons are defined to mean a person 60 years of age or over, or a family, the head of which or his spouse is 60 years of age or over.

Yesterday my distinguished colleague, the gentleman from New York [Mr. MULTER] made the honest statement that the administration's proposal for moderate-income families is "experimental," and, to use his words:

"If it doesn't work we will backtrack and find a new way." The proposal that I would have offered by an amendment, had it been in order, is not experimental. It has been proven. It is modeled on a program developed in my own State of New York, called the Mitchell-Lama program, under which there have been financed some 30,000 housing units and approximately \$450 million has been raised precisely in the fashion described in my amendment. This has resulted in cooperative apartments, for example, under which there is individual ownership. There is no reason why the proposal, beginning with unitary sponsorship, could not be made to work in terms of individual homes in the suburban areas. However, the difference in practical effect is that there is mutuality of risk under my proposal. Under the 40-year program of the administration, each project would stand on its own feet, which weakens the entire picture.

The middle-income family is, in a sense, the backbone of any community. We have recognized that New York, following a pattern common to many American cities, has lost more than 900,000 middle-income families during the past decade. Of course, a like number came into the city, but their income level was much lower. This significant change bears heavily upon the city's need to provide special services and facilities, and of course affects our general economy. It is commonly stated that New York is becoming a city of the very rich and the very poor. While this is only partially true, there is good reason to take the necessary steps to insure that the middle-income resident is not taken for granted at a time when construction costs and a tight housing market have placed him in a vice which we can and must remove.

The proposal which I sponsor and which I would prefer to title I would make available, on a national scale, and for the first time, Federal support for the kinds of programs that New York State and New York City have proved to be successful. On the basis of the numbers of units completed and planned in New York it is evident that there has been little difficulty in developing the kind of responsible and enthusiastic private sponsorship for the kind of moderate-rental and cooperative housing that is so desperately needed.

New York City is not atypical. A federally backed program along these lines would bring new housing hope to America's forgotten majority—its middle-income families. Our cities need to retain their middle-income families. This proposal would have given them the best hope.

Mr. Chairman, I have my disagreements with the Rains bill—the committee bill. I have just talked at length about one of them—my preference for the creation of a Federal Limited Profit Mortgage Corporation over the 35-year mortgage provision. However, the deficiencies with the substitute bill are even greater. In my judgment, a single year does not permit good planning. I have talked with responsible housing people

in my district—not, incidentally, of this administration or indeed of the administration's party—and I am persuaded that urban renewal cannot be intelligently planned or programed on a year-to-year basis.

Second, there must be some provision for public housing. In my view, 100,000 new units as contained in the administration's bill is too high. But there clearly is need for a new authorization to the extent of not more than 50,000. I would settle for 25,000. But I cannot settle for nothing.

Third, I would have hoped that my proposal for a Federal Limited Profit Mortgage Corporation would have been made a part of the substitute bill. This offers a productive, effective program for one that is less effective. The substitute in this area would not fill the gap.

For these reasons, Mr. Chairman, I must support the committee bill over the substitute.

The CHAIRMAN. The Clerk will read.

Mr. McDONOUGH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this situation is getting into what I expected, a total state of frustration and confusion, and I mean that on the other side of the aisle as well as on our side of the aisle.

The amendment I have proposed has to do with the elimination of a public body as a public renting authority. It has nothing to do with the 40-year or 35-year, no-downpayment proposition. If the amendment that the gentleman from Alabama presented to the House did have to do with the elimination of a public body or permitting a public body to control rents on Government-owned units, it was not thoroughly understood insofar as its passage was concerned, because there was no reference to a public body controlling rental units of a subsidized rental house. That is what I am talking about here.

As a matter of fact, the subcommittee on housing amended that section of the bill with the consent of the gentleman from Alabama to remove public housing authorities as an agency to control these low-rent subsidized housing units provided in the bill. The bill provides that \$750 million of FNMA money is in there for the purpose of subsidizing these mortgages. I want to say we should not permit other public bodies in addition to the Public Housing Authority to become the mortgagors on these kinds of units because you are setting up a Government-controlled rental authority in every city of the Nation if you do it.

Mr. Chairman, I am disturbed that my amendment has been ruled out of order, because there was no reference by the gentleman from Alabama to that section of the bill that it had to do with public bodies having control of subsidized units.

The CHAIRMAN. The Chairman has already ruled on the point of order.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield to the gentleman from Indiana.

Mr. HALLECK. Mr. Chairman, I said a moment ago that I was rather shocked at the situation, but maybe no one should be taken by surprise here today. This is a bill reported by a committee. The normal procedure would have been for the gentleman from Alabama to offer the amendment having specific language that dealt with the change. As I understand it, now—I was not conscious of it and I doubt if anyone on our side was—he rewrote the whole section with the changes that were involved in the amendment that he really wanted to accomplish. After that amendment was adopted all other amendments are shut off.

It is according to the Rules of the House, there is no question about that, and the Chairman has so ruled.

I may say to the gentleman from California that under the procedure the amendment is not in order. The only thing for us to do now is to go to the consideration of title II and further consideration of the bill. When the time comes we will work out something in the way of a motion to recommit.

Mr. McDONOUGH. The fact my amendment has been held not in order is not a desire on the part of the House not to consider an amendment of this kind. The committee itself amended this section of the bill removing public housing bodies.

I propose further that public bodies be removed as mortgagors and that, as I say, was not referred to by the gentleman from Alabama.

Mr. RAINS. Mr. Chairman, if the gentleman will yield, here are the exact words. I said: "My amendment, Mr. Chairman, is a redraft of section 101. It incorporates most of the present section 101 and makes only the following changes."

Mr. McDONOUGH. All right. What are the following changes?

Mr. RAINS. The 3 percent down payment and the others.

Mr. McDONOUGH. But you did not refer to the other section.

Mr. RAINS. Of course not. I was not amending that section. I was incorporating it because it was part of the whole section.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. LINDSAY. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Chair has just ruled that all amendments to section 101 are out of order.

Mr. LINDSAY. No point of order has been raised against this amendment.

The CHAIRMAN. The Chair has raised the point, and the amendment is out of order.

The Clerk will read.

The Clerk read as follows:

TITLE II—HOUSING FOR ELDERLY PERSONS AND LOW INCOME FAMILIES

Housing for the elderly

Direct Loans

SEC. 201. (a) Section 202 of the Housing Act of 1959 is amended by—

(1) inserting in subsection (a)(1) after the words "private nonprofit corporations" the following: "or consumer cooperatives";

(2) striking out in subsection (a)(2) the words "for the provision of rental housing" and inserting in lieu thereof the following: "or to any consumer cooperative for the provision of rental or cooperative housing";

(3) striking out in subsection (a)(2) "unless the corporation" and inserting in lieu thereof "unless the applicant";

(4) striking out in subsection (a)(3) "A loan to a corporation under this section" and inserting in lieu thereof "A loan under this section"; and

(5) striking out in subsection (c)(3) "corporation undertaking" and inserting in lieu thereof "corporation or consumer cooperative undertaking".

(b) Section 202(a)(3) of such Act is amended by striking out "98 per centum of".

(c) Section 202(a)(4) of such Act is amended by striking out "\$50,000,000" and inserting in lieu thereof "\$150,000,000", and by striking out the second sentence.

(d) Section 202(d)(4) of such Act is amended by striking out "sixty-two years of age or over" each place it appears and inserting in lieu thereof "sixty years of age or over".

(e) Section 202 of such Act is further amended by adding at the end thereof the following new subsection:

"(e) Nothing in this section or in regulations promulgated under this section shall prevent a corporation or consumer cooperative from obtaining a loan under this section for the provision of housing and related facilities for elderly families and elderly persons, notwithstanding the fact that such corporation or cooperative has theretofore obtained a commitment from the Federal Housing Administration for mortgage insurance under section 231 of the National Housing Act with respect to the housing involved, if (1) such corporation or cooperative is otherwise eligible for such loan under this section, (2) such commitment was obtained prior to the date of enactment of the Housing Act of 1961, and (3) the Administrator determines that the financing of such housing through a loan under this section rather than through mortgage insurance under such section 231 is necessary or desirable in order to avoid hardship for the elderly families and elderly persons who are the prospective tenants of such housing."

Low-rent public housing

Eligibility Requirement for Disabled Persons

SEC. 202. Section 2 of the United States Housing Act of 1937 is amended by striking out the words "has attained the age of fifty and" in the second and third sentences of paragraph (2).

Additional Subsidy for Elderly Tenants

SEC. 203. Section 10(a) of the United States Housing Act of 1937 is amended by inserting the following proviso before the period at the end of the third sentence thereof: "Provided, That the Authority may, in addition to the payments guaranteed under the contract, pay not to exceed \$120 per annum per dwelling unit occupied by an elderly family on the last day of the project fiscal year where such amount, in the determination of the Authority, was necessary to enable the public housing agency to lease the dwelling unit to the elderly family at a rental it could afford and to operate the project on a solvent basis".

Mr. RAINS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore [Mr. McCORMACK] having assumed the chair, Mr. Boggs, Chairman of the Committee of the Whole House on the State of the

Union, reported that that Committee, having had under consideration the bill (H.R. 6028) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, had come to no resolution thereon.

COMMITTEE TO ESCORT HIS EXCELLENCY HAYATO IKEDA

The SPEAKER pro tempore. The Chair appoints the following committee to escort our distinguished guest, the Prime Minister of Japan, into the House: The gentleman from Oklahoma, Mr. ALBERT; the gentleman from Pennsylvania, Mr. MORGAN; the gentleman from Hawaii, Mr. INOUE; the gentleman from Indiana, Mr. HALLECK; the gentleman from Illinois, Mr. CHIPERFIELD; and the gentleman from Illinois, Mr. ARENDS.

The House will stand in recess subject to the call of the Chair.

Accordingly (at 3 o'clock and 12 minutes p.m.), the House stood in recess subject to the call of the Chair.

During the recess the following occurred:

His Excellency Hayato Ikeda, Prime Minister of Japan, entered the Hall of the House of Representatives at 3 o'clock and 22 minutes p.m., and the Prime Minister of Japan was escorted to the Speaker's rostrum by the Committee appointed for that purpose.

The SPEAKER pro tempore [Mr. McCORMACK]. Members of the House of Representatives, I have the great pleasure, the high privilege, and the distinguished honor of presenting to you His Excellency, the Prime Minister of Japan, whom we are so glad to welcome here today. Mr. Prime Minister. (Applause, the Members rising.)

(The Prime Minister of Japan addressed the House in Japanese. A translation of his speech follows:)

The PRIME MINISTER of Japan. Mr. Speaker, Members of the House of Representatives, it is with a profound sense of honor and pleasure that I come today to this great seat of democratic government to receive your warm welcome and to address a few words in behalf of the Government and people of Japan.

These are extraordinary times in which we live—times which demand extraordinary exertions by all freemen. The tensions of the cold war may rise or fall but the basic conflict goes on. Whatever may be the climate today or the climate tomorrow, there can be no change in our unswerving devotion to the cause of peace with justice and freedom. [Applause.]

Now in this unstable restless world, what is Japan doing? What can she do in the free world's endeavors for peace?

The ideal of Japan is to build a strong and stable nation dedicated to the principles of democracy. Respect for freedom and the basic human rights, and for the dignity of man has been deeply implanted in the hearts of the Japanese people. It may be a long road that we

in Japan must yet travel before we learn truly to live up to these principles, but let me assure you that we are on the march. [Applause.]

From the destruction and privation of war, the people of Japan—industrious, enterprising and inspired by timely American help—have rebuilt a new and vigorous economy. In the last 10 years we have maintained, under our free enterprise system, an economic growth rate rivaled by no other country in our world. We now propose to double our gross national product in 10 years or even less and thereby raise our living standards by maintaining an average annual rate of growth of 7.2 percent. This program is well within our capabilities and I am fully confident that we will achieve our goal.

We are making these efforts not only to build a free and healthy society but to increase our capacity to play a more positive and purposeful role in the international community and thereby contribute to the larger task of insuring world peace and human progress. [Applause.]

Since the war, a number of Japanese political leaders, including myself, have come to this country to ask for help in the rehabilitation of our nation's economy. I want to avail myself of this opportunity to express our profound thanks for the aid we have received. This time, I am glad to say, and perhaps you are glad to know, I have not come to ask for aid. I have come to tell you with confidence that with the growth of our economy Japan at last has reached a stage where she can contribute, even though modestly, to the joint efforts of the free world to help hasten social and economic development and raise living standards in the newly developing nations which hold the key to world peace and stability. [Applause.]

I have had a series of friendly talks with President Kennedy and other leaders of your Government, and I believe that by these talks we have been able to deepen our mutual understanding and to strengthen our partnership.

In closing, I wish to express to you and through you to the people of America my sincere good wishes for the prosperity of this great democracy. I also wish to pay my high respects to President Kennedy for his devoted efforts for peace under justice and freedom, and to assure you that in these efforts we will unsparingly cooperate. [Applause, the Members rising.]

At 3 o'clock and 36 minutes p.m., the Prime Minister of Japan and his party retired from the Hall of the House of Representatives.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. McCORMACK) at 3 o'clock and 50 minutes p.m.

PRINTING OF PROCEEDINGS HAD DURING RECESS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the proceedings

had during the recess of the House may be printed in the RECORD.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills and a joint resolution of the House of the following titles:

H.R. 3283. An act to revise the boundaries and to change the name of Fort Vancouver National Monument, in the State of Washington, and for other purposes;

H.R. 5475. An act to transfer a section of Blue Ridge Parkway to the Shenandoah National Park, in the State of Virginia, and for other purposes;

H.R. 5760. An act to revise the boundaries of the Scotts Bluff National Monument, Nebr., and for other purposes;

H.R. 5765. An act to authorize the purchase and exchange of land and interests therein on the Blue Ridge and Natchez Trace Parkways;

H.R. 6422. An act to add federally owned lands to, and exclude federally owned lands from, the Cedar Breaks National Monument, Utah, and for other purposes;

H.R. 7446. An act to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates; and

H.J. Res. 384. Joint resolution providing for acceptance by the United States of America of the Agreement for the Establishment of the Caribbean Organization signed by the Governments of the Republic of France, the Kingdom of the Netherlands, the United Kingdom of Great Britain and Northern Ireland and the United States America.

The message also announced that the Vice President has appointed Mr. JOHNSTON of South Carolina and Mr. CARLSON members of the Joint Select Committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the U.S. Government," for the disposition of executive papers referred to in the report of the Archivist of the United States No. 61-10.

FEDERAL-AID HIGHWAY ACT OF 1961—CONFERENCE REPORT

Mr. FALLON submitted the following conference report and statement on the bill (H.R. 6713) to amend certain laws relating to Federal-aid highways, to make certain adjustments in the Federal-aid highway program, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 564)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6713) to amend certain laws relating to Federal-aid highways, to make certain adjustments in the Federal-aid highway program, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

TITLE I

The managers on the part of the House and the managers on the part of the Senate as to title I of the bill having met, after full and free conference, have agreed to recom-

mend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 3.

That the House recede from its disagreement to the amendments of the Senate numbered 1 and 2, and agree to the same.

GEORGE H. FALLON,
CLIFFORD DAVIS,
JOHN A. BLATNIK,
GORDON H. SCHERER,
WILLIAM C. CRAMER,

Managers on the Part of the House.

ROBERT S. KERR,
PAT McNAMARA,
JENNINGS RANDOLPH,
FRANCIS CASE,
JOHN SHERMAN COOPER,

Managers on the Part of the Senate.

TITLE II

The managers on the part of the House and the managers on the part of the Senate as to title II of the bill having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 5, 6, 8, 12, 15, 16, and 17.

That the House recede from its disagreement to the amendments of the Senate numbered 7, 9, 10, 11, 13, and 14 and agree to the same.

W. D. MILLS,
CECIL R. KING,
THOS. J. O'BRIEN,
N. M. MASON,
JOHN W. BYRNES,

Managers on the Part of the House.

HARRY F. BYRD,
ROBERT S. KERR,
RUSSELL LONG,
JOHN J. WILLIAMS,
FRANK CARLSON,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6713) to amend certain laws relating to Federal-aid highways, to make certain adjustments in the Federal-aid highway program, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

TITLE I

The managers on the part of the House as to title I of the bill submit the following statement in explanation of the effect of the action agreed upon by the conferees as to title I of the bill and recommended in the accompanying conference report:

Amendment No. 1. This Senate amendment would provide that funds appropriated for defense access roads under section 210 of title 23 of the United States Code shall be available to pay the cost of damage caused to highways by the operation of vehicles and equipment in the construction of classified military installations and ballistic missile facilities. The Secretary of Commerce must first determine the State highway department could not have prevented the damage without placing such restrictions on the use of the highway as to interfere with or delay the completion of the construction contract for the military installation or facility. These funds are made available notwithstanding any provision of contract holding any party to such contract responsible for this type of damage, if the Secretary of Defense or his designee, determine that the construction estimates and bid of that party did not include an allowance for repairing this type of damage. The amendment applies to damage caused by con-

struction work begun before June 1, 1961, and still in progress on that date, and to damage caused by construction commenced or for which a contract is awarded on or after June 1, 1961.

The House recedes.

Amendment No. 2. This Senate amendment extends to July 1, 1963, the cutoff date prior to which a State may enter into an agreement to carry out the national policy with respect to outdoor advertising adjacent to the National System of Interstate and Defense Highways in order to qualify for the additional one-half of 1 percent of the Federal share of the cost of the affected project. The House recedes.

GEORGE H. FALLON,
CLIFFORD DAVIS,
JOHN A. BLATNIK,
GORDON H. SCHERER,
WILLIAM C. CRAMER,

Managers on the Part of the House.

TITLE II

The managers on the part of the House as to title II of the bill submit the following statement in explanation of the effect of the action agreed upon by the conferees as to title II of the bill and recommended in the accompanying conference report:

TREAD RUBBER

Amendments Nos. 4 and 8: The House bill increased the tax on tread rubber by 2 cents a pound (from 3 cents a pound to 5 cents a pound). Senate amendment numbered 4 limits the increase to 1 cent a pound (that is, the existing tax rate of 3 cents a pound is increased to 4 cents a pound). Senate amendment numbered 8 is a related conforming amendment reducing the floor stocks tax on tread rubber held by a dealer on July 1, 1961, from 2 cents a pound to 1 cent a pound.

The Senate recedes.

GASOLINE LOST BY SHRINKAGE, ETC.

Amendments Nos. 5, 6, 12, 15, 16, and 17: Senate amendment numbered 5 provides for payments to compensate retail dealers of gasoline for tax paid on gasoline lost by shrinkage, evaporation, and so forth. Under the amendment, the retail dealer would be entitled to an amount equal to 1 percent of the tax paid under section 4081 of the 1954 Code on gasoline sold by him. Senate amendments numbered 6, 12, 15, 16, and 17 are related conforming clerical, technical, and effective date amendments.

The Senate recedes.

In connection with the action of the conferees on these amendments, the Treasury Department has been requested to conduct, in cooperation with other appropriate agencies of the Federal Government, a scientific study for the purpose of obtaining data on the percentage of the gasoline bought by retail dealers which is lost by shrinkage or evaporation or for other causes. Representatives of the Treasury Department have given assurances that this study will be conducted. The results of this study are to be reported to the Ways and Means Committee of the House of Representatives and to the Committee on Finance of the Senate before January 1, 1962.

INNER TUBES FOR BICYCLE TIRES

Amendments Nos. 7, 9, 10, and 11: Amendment numbered 7 provides that the floor stocks tax of 1 cent a pound imposed on inner tubes held by dealers, etc., on July 1, 1961, for sale or use is not to apply to inner tubes for bicycle tires. Similarly, amendment numbered 11 provides that the floor stock refund of 1 cent a pound provided for inner tubes held by dealers, etc., on October 1, 1972, for sale or use is not to apply to inner tubes for bicycle tires. Amendments numbered 9 and 10 are related clerical amendments.

The House recedes.

TRANSFERS TO HIGHWAY TRUST FUND

Amendments Nos. 13 and 14: Section 209(c)(1)(C) of the Highway Revenue Act of 1956 at present provides that there shall be transferred to the Highway Trust Fund amounts equivalent to 50 percent of the tax received under section 4061(a)(1) of the 1954 Code (that is, the tax on trucks, buses, etc.). The House bill amended this provision so that, in the case of amounts so received after June 30, 1961, the percentage transferred is to be 100 percent instead of 50 percent. Under Senate amendments numbered 13 and 14, the change in the percentage from 50 percent to 100 percent is delayed one year and applies only to tax received after June 30, 1962.

The House recedes.

W. D. MILLS,
CECIL R. KING,
THOS. J. O'BRIEN,
N. M. MASON,
JOHN W. BYRNES,

Managers on the Part of the House.

HOUSING ACT OF 1961

Mr. RAINS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 6028) to assist in the provision of housing for moderate- and low-income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purpose.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 6028, with Mr. Boggs in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose, the Clerk had read through section 203 of the committee substitute amendment ending on line 2, page 95.

Mr. McDONOUGH. Mr. Chairman, I ask unanimous consent that the bill be considered as read and be open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. TABER. I object.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

DWELLING UNIT AUTHORIZATION

SEC. 204. (a) Section 10(e) of the United States Housing Act of 1937 is amended by striking out the first three sentences and inserting in lieu thereof the following: "The Authority is authorized to enter into contracts for annual contributions aggregating not more than \$336,000,000 per annum, but any such contracts for additional units for any one State shall not, after the date of enactment of the Housing Act of 1961, be entered into for more than 15 per centum of the aggregate amount not already guaranteed under contracts for annual contributions on such date: *Provided*, That no such new contract for additional units shall be entered into after the date of enactment of the Housing Act of 1961 except with respect to low-rent housing for a locality respecting which the Administrator has made the determination and certification relating to a workable program as prescribed in section 101(c) of the Housing Act of 1949, and the Authority shall enter into only such new contracts for preliminary loans as are consistent with the number of dwelling units

for which contracts for annual contributions may be entered into."

(b) Section 10(i) of such Act is repealed; and section 15(10) of such Act is redesignated as section 10(i) and transferred (as so redesignated) to the place heretofore occupied by the section so repealed.

(c) Section 21(d) of such Act is repealed.

Mr. HERLONG. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HERLONG: On page 95, strike out all of line 3 and all that follows down through page 96, line 5.

Mr. HERLONG. Mr. Chairman, this amendment, as you know, eliminates from this bill the additional authorization for more public housing units. There seems to be some question as to how many are actually authorized in this bill. In the debate in the other body they said 75,000 to 80,000. The green sheet prepared by the committee in explanation of this bill says 100,000 units. On page 118 of the printed hearings the House and Home Finance Administrator said 115,615. I do not suppose it makes any particular difference which figure is correct, but it may be some significance that even the proponents cannot agree as to what is provided in the bill.

Permit me to call your attention to a few facts in the brief time that I have. There are 470,000 public housing units now under actual management. There is authorization now on the books for 127,000 more that are not affected by this amendment or this bill. These are in the pipeline and will be available for occupancy by low-income families in the next few years, regardless of whether this bill is passed or not. Public housing today is costing an admitted Federal subsidy of \$160 million a year. These additional, already authorized and in-the-pipeline units, will increase this subsidy to over \$257 million a year. This subsidy continues for 40 years. If the present provision for additional public housing is passed it will cost an additional \$78 million a year for 40 years, or a total of \$3.1 billion.

Now if something is really necessary, we in America take the position that we don't care what it costs—we will get it—but does public housing at this time come under the head of what is really necessary? I hope you will all bear in mind when you vote on this amendment and on this bill that on next Monday you are going to be asked to vote to increase the debt ceiling to \$298 billion. This debt ceiling bill passed out of the Ways and Means Committee a few days ago and frankly just about the only question in connection with it in the committee was: Is it big enough? Is it big enough to take care of these spending programs that are really not of an emergency nature with which we are going to be confronted during the rest of this session? I submit that even if you favor public housing, that there is ample public housing already authorized prior to this bill so that it is not a must at this particular time even to those who are fearful of what might happen to the urban renewal program. Further, my information is that even some of the most ardent advo-

cates of public housing in the past have come to realize that what they expected this program to do it has not done.

Mr. Charles Abrams, of M.I.T., a former State housing official and United Nations adviser on housing, in collaboration with Mr. Morton Schussheim, of the New York State Rent Commission, prepared a report from which quotations were made a few days ago in the CONGRESSIONAL RECORD. Mr. Abrams contended that public housing, in which rents are subsidized by the Federal Government, is not the answer to better housing for low and moderate income families.

On page 215 of the printed hearings there are quotations from Mr. Joe McMurray, chairman of President Kennedy's task force on housing. In a special report to the homebuilders last January Mr. McMurray said, and I quote:

In general, it may be said that this program, begun in depression years of the 1930's, no longer offers an adequate solution in view of changed economic conditions and the dynamic changes taking place in our cities.

Subsequently he referred to the program as "an inadequate, moribund public housing program, largely tailored to the needs and standards of a past era, and some incidental benefits for special groups."

Mr. Chairman, these are the words of the President's task force chairman, they are not my words. I quote him further:

Here it need only be said that there is almost unanimous agreement that the program is not doing the job which it set out to do in 1937. Significantly, this view is shared by the dedicated and able men who pioneered the program and supported it through its turbulent history.

Of course the chairman of this task force went ahead and recommended a limited extension of the program which he described as moribund, or on its last legs. Why he recommended this, I do not know.

Mr. Chairman, here we have an example where we have been giving the patient a very expensive treatment through the years, and he is, according to the doctors, near death. The treatment, therefore, is not curing the patient, it is making him worse, and yet in this bill we are asked to give another \$3.1 billion dose of the same medicine that is making him worse now.

Mr. Chairman, here is a chance for the Congress to save at least \$3.1 billion and not hurt anybody.

Mr. Chairman, I hope my amendment will be agreed to.

Mr. RAINS. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Florida [Mr. HERLONG].

Mr. Chairman, I wish I could be as positive in my remarks as the gentleman from Florida seems to be of his. The gentleman from Florida says that the medicine we are giving the patient is not doing him any good, and he recommends, I assume, by this amendment that the thing to do is to kill the patient. Instead of giving him any medicine, just

finish him off. That is what the amendment would do.

I will say to the gentleman from Florida that he made a very good statement. But what would you do? Would you just cut it off and let these people who are being uprooted by Government action not be taken care of, these people who are not able to buy a decent home for themselves?

Mr. HERLONG. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from Florida.

Mr. HERLONG. We have 127,000 units already authorized. That will take care of the program for at least a year or two. The gentleman knows that. Then we can see at that time what we should do.

Mr. RAINS. But the gentleman is in error. These units are already committed. Every single unit is or soon will be committed. The PHA reports that by June 30, every last available unit will be all signed up.

As a matter of fact, I had something to do with the report which the gentleman read, and out of context. I long to see the day when we will be able, as my good friend from Texas [Mr. THOMAS] said, do something for these people by some other method. And it will be subsidized no matter what we do. You cannot have a man who is in the extreme low group and have a house for him to live in today under private enterprise. I have asked people all over the country, I have asked people in your State, Pensacola for instance, "You give me the answer and we will do it. Can you build a house for a man who makes \$2,000 a year with 5 kids, can you build a house for him under the private enterprise method at a profit?" Of course not.

What can we do then? Until we can get such a program as I hope will come about and as we have made a step toward in this very bill, we cannot afford to continue the urban renewal program, the highway program, through the poor sections of the cities of America without giving them some place to go. We have to provide for these poor people.

I said in debate on this bill that I wish that every family could own its own home, but there are people in this country who simply cannot afford decent housing without help. One man may be able to pay for good housing without any assistance, but through some quirk of fate we also have these poor people, and the good Lord says that we will have them in the future. This is not new public housing. It is the last increment of the public housing authorized by the Congress in 1949. We have made a start in this very bill to arrive at a program to help lower income families in other ways. Later on I am convinced it may take subsidized interest rates, or it may take the same type of thing we have done in welfare cases, in order to get some kind of housing for these people. The gentleman ought to vote for it if he is against public housing. But, until that day comes, we must have at least a reasonable amount of low rent housing

over the next few years to take care of the people that we, by the laws we enact, uproot in these cities and for our older citizens and other low-income families. And, I am sincere, and I know the gentleman is. I thought he made a very good statement, and I agree that this is a problem that we must continue to study. But, this is certainly not the time, under the present circumstances, with all of the present units committed, to cut out of this bill the one thing that will help our lowest income families.

Mr. McDONOUGH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this amendment would strike 100,000 units which are provided in the committee bill, and it would strike the largest obligation that we will assume in the whole bill in the way of grants if the 100,000 units are implemented. Now, the only reason for the 40-year no-downpayment section in the bill was to do away with public housing.

Mr. YATES. Mr. Chairman, will the gentleman yield on that point?

Mr. McDONOUGH. I yield.

Mr. YATES. The 40-year program could not do away with public housing, because there is still need in the cities of the country to house people who live in the cities, and you cannot build houses in the cities themselves because the land is too expensive.

Mr. McDONOUGH. I know the land in the cities is expensive, and it is difficult for that reason. But, the chairman of the committee contends this is the last increment of the last authorization in connection with public housing. Now, this country got along for a long, long time before we had subsidized governmental public housing. If we are going to say that 100,000 units is going to take care of all of the people in the low-rent classification in the cities for an indefinite period, what are we going to do with them from then on if you continue to provide this kind of housing for this kind of people? And, I do not say that all of them are in that class, but you are demoralizing and subordinating these people to a patronizing position of the Government. We have had experience in some of the public housing units not controlled by the Federal Government but controlled, for instance, by the State of Massachusetts, where the firemen and policemen were housed in public housing units, and there was a referendum on the ballot for an increase in pay which would disqualify them for occupancy, and they argued against it, because with the increased pay they were not entitled to occupancy. Now, this 100,000 units we are talking about is one-sixth as many units as we have had over the previous 24 years. It certainly is going to take care of all of the people, so-called people, that we have to take care of in this category. The chairman of the committee himself took the 40-year no-downpayment out of the bill and increased it to 3 percent and made it 35 years, and he did make reference to another form of public housing where we got the subsidized rate of interest for multiple dwellings for low rent in cities under long-term mortgages. This is another form of public housing which public bodies can sponsor. It was the pur-

pose of my last attempt on this floor to amend that so that public bodies could not sponsor that kind of mortgage.

But if we are going to take care of all these people we are going to need more than 100,000 units. We had better go back to the period when we did not have any public housing units at all and give these people something to do for themselves, to stand up on their own responsibility. The amount that we will be assuming if these 100,000 units are approved is \$3,146 million in grants or annual contributions over a 40-year period. That is the largest amount of grants in the bill. I urge the adoption of the amendment because I think we can get along without these units.

Mr. YATES. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it seems that this amendment is offered every time a housing bill comes before the House. It is interesting that the amendment is offered ordinarily by one whose district does not contain any or many public housing units. I remember a few years ago the amendment was offered by the gentleman from Texas [Mr. FISHER]. From what I have learned about Mr. FISHER's district, there are no public housing units in that area. Yet, he led the fight against the program. Similarly—and the gentleman from Florida may correct me if I am wrong—there are not many public housing units in his area. The gentleman comes from bright, sunny Florida and his slums are not as acute as those in the North. The need of help for slum dwellers is not nearly as critical. But he wants to deprive those who need sympathetic understanding of new housing problems from receiving help.

Mr. HERLONG. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Florida.

Mr. HERLONG. Mr. Chairman, I tell the gentleman that there have been many attempts to get public housing in my district, but when I get through explaining to them what it is going to cost them, they do not ask for it.

Mr. YATES. Then the gentleman confirms what I said, that there are no public housing units in his district.

Mr. HERLONG. There are quite a few that were there before I got there.

Mr. YATES. I am sure that the gentleman went through his district like a blight.

The gentleman from California [Mr. McDONOUGH] says that offering these housing units to the people who will live in them demoralizes them. Is it more demoralizing to a person who lives in a public housing project to live in a clean, sanitary home, than to live in a rotten slum? Is it more demoralizing to live with a group of his neighbors in clean surroundings where his children may play in a bright, clean, pleasant environment than to live in an area which was replaced by the public housing unit, where there was filth, dirt, spilled garbage, and rats? In my own district 12 years ago, at the time I was elected to the Congress for the first time, I went through the worst slums in the coun-

try—filth, garbage, decrepit housing, housing of the worst type, where several families were living in one room. The people there lived in despair and in misery. They raised their children in a dirty disease-ridden area. Today in that area they have new public housing units. And I tell the gentleman those people are not more demoralized for living in those units than they were when they lived in the slums.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman.

Mr. McDONOUGH. In the first instance, the insanitary and unsafe conditions in which they lived before, was the fault of the city in which they lived, because there was no enforcement. On the other hand, they were renting from private ownership and had the incentive to get out of it, which they do not have when they live in public housing units.

Mr. YATES. But, where were they to go?

Mr. McDONOUGH. Where does anybody go to improve himself?

Mr. YATES. Where can these people with limited incomes go, if they want to buy housing on the market today? I tell the gentleman that he does not appreciate the facts of life. He does not know what goes on in the big cities. The people who live in these projects are on the lowest rungs of the ladder and we have to take care of them.

Mr. Chairman, I agree completely with the gentleman from Alabama [Mr. RAINS] when he says that there are many Americans who have not been able to win the economic battle and gather sufficient material benefits to live well. This is an expensive program, there is no question about it. This is an expensive program. But the fact remains that this is not nearly as expensive as the cost would be in crime, in disease and all the other conditions of a slum area.

I say to the House that here we are considering a bill for all America, a bill to provide a decent place to live for all Americans. The statement is in the preamble to the Housing Act. If this amendment were to prevail we would do away with the lone opportunity to provide housing for the people who cannot now buy decent housing.

There is housing in this bill for those with money who can afford to buy housing. There are provisions in this bill which would help those who have money, who can get insurance and provide themselves with beautiful housing. This amendment shuts the door to hope to those with no funds. It condemns them to continued slum living.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from New York.

Mr. MULTER. I think the gentleman ought to point out, too, that those living in the slums do not move out until the slum is torn down and they are forced to move. The fact that we are helping these people to a better life is shown by the fact that at least one out of three people in public housing buy better housing as soon as their income permits them to get it.

Mr. YATES. The gentleman is exactly right.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Mr. Chairman, this program has been one of the greatest programs in connection with strengthening the family life of America. I know from experience as a young man what it is to live under substandard conditions. I have experienced it. I know from having lived under such actual conditions.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

(At the request of Mr. McCORMACK, and by unanimous consent, Mr. YATES was allowed to proceed for 5 additional minutes.)

Mr. McCORMACK. I can assure my colleague that this program has brought inestimable good to the communities that have entered into it. The first low-cost housing project in Boston was built in the district where I was born and brought up as a young man. I know what it is to live in a multiple three-family house, where they paid not more than \$1.50 a week rent, and where the common facilities were down in the basement, the cellar, as we called it. Those are conditions that I know of. I know the great benefit this program has brought to people who live in the public housing projects that were built in part of the very area in which I played as a youngster in South Boston, in Boston, Mass.

All I can say is that I know of no program that has done more to bring hope to people, and they are Americans, they are human beings, and to strengthen family life. When we strengthen family life we strengthen our own Government and our own society, by this particular program. I can assure the gentleman I speak from actual experience as a young man, growing up under the very conditions this program has improved. I sincerely hope the program started in 1949 will be carried on as provided in this bill.

Mr. YATES. I thank the gentleman.

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Indiana.

Mr. MADDEN. I think something has been overlooked here today in regard to the housing situation and the people who are unable financially through no fault of their own to purchase adequate housing. Statistics show there are approximately 5 million persons out of work, but that is just a drop in the bucket compared to the working people and factory workers who are and have been for several years just working part time. A factory worker or an industrial worker who is working only part time has only money enough to support his family with food, shelter, and clothing. A part-time worker cannot have any money set aside to buy homes. When you add to the 5 million unemployed the several more millions who are working part time, it is a serious situation to provide homes for them. We have slums in

my district, but there is no place for the unemployed or part-time workers that are living in these slums to live if their dilapidated dwellings are condemned.

I think everybody will agree, as I mentioned yesterday afternoon, that the Caterpillar Tractor Co. has a special organization on research, and they run these facts and findings in their ads. I wish everybody would read the statement by the Caterpillar Tractor Co. of Peoria, Ill., appearing in the Saturday Evening Post of this week, to the effect that 30 million people could be living in slums and substandard homes within the next 15 years unless something is done.

That is by 1975. Then it goes on and it says in this advertisement "by 1975 our population will increase by 55 million"—that is 15 years from now—"unless the pace of urban renewal slum clearance is increased, 30 million Americans will be living in slums."

Now, that comes not from any real estate organization and not from any political organization, it comes from a conservative, well-established business, the Caterpillar Tractor Co., that has investigated and made research on these problems. So I think that this Congress certainly would be negligent in our duty to millions of people not only this year, but in future years if we adopted an amendment like this.

Mr. YATES. I thank the gentleman.

Mr. Chairman, I just want to say in further reply to the gentleman from California who said that these people can go out and buy homes on the private regular market that they are doing that as soon as they can get a job that provides enough money to do so. They are going out and they are buying homes in the community when they can afford it. Many of them are doing so.

(Mr. YATES asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it appears when we get into this annual debate about public housing, there is a tendency to take off on semiemotional tangents and not to discuss the facts.

So for those of you who may be interested in the facts, I would like to say to you to please take a look at the report of the Committee on Banking and Currency, page 55 of the minority views. There they tell you specifically the exact condition of the public housing units in the pipeline. Certainly, if we delete the public housing provisions from this bill, and then adopt our substitute in the motion to recommit for a 1-year program, if the pipeline shows signs of being exhausted, you can come in in 1962 and add more public housing. So that is no worry at the present time.

But here is the point we ought to consider. There is not any program that we have ever adopted which is all perfect—any more than it is a complete failure. Certainly, there are accomplishments and virtues as well as failures in the field of public housing. I think just to add units indiscriminately year after year without attempting to correct the abuses and problems in the existing ad-

ministration of public housing, is not responsible legislating. The gentleman mentioned the city of Chicago and the development of public housing. He should also have mentioned that public housing has not eradicated slums and as a matter of fact, we can produce statistics to show that we have more slums today despite the public housing than we did when public housing was first developed.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Illinois.

Mr. YATES. The gentleman knows that public housing units have replaced many slums that existed previously.

Mr. DERWINSKI. Yes, but because of the inability of the local government to enforce their ordinances, slums continue to multiply despite this public housing. There has also been discussed the ability of residents of public housing units to go on and purchase homes which they would own in their own right. We have had a number of abuses throughout the country where residents in a public housing project have been permitted to live in these units although they had incomes far exceeding any limitations. In other words, these were not needy families, these were families with a substantial income.

Furthermore, we have statistics to show you that families with less income than the present occupants of public housing units are putting out substantial downpayments and buying their own homes. They do not need a Government subsidy; they have enough spirit and enough drive and enough initiative to save their own money and to purchase their own homes. All we are asking you to do is to remember that you have all the public housing you need at the present time and that you can come back in a year or two and add to the public housing units, if you so desire. This is not going to end public housing. It does not hurt any existing projects. It does not hurt any existing plans. All it does is to bring a little financial responsibility into this monstrous housing bill.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FARBSTEN. Mr. Chairman, I rise in opposition to the pro forma amendment. The reason is that I could not sit by and listen to some statements that have been made here during the debate. The last gentleman said we had all the public housing we needed. Let me inform him that the local authorities of the city of New York have advised me that they have come to the end of their line, they have authorized all the public housing they had the right to authorize; that if nothing is done here today there will be no more public housing built in the city of New York. I assure you that we certainly need plenty of public housing in the city, especially with new roads and highways that are being built displacing people, as has been suggested by the chairman of the subcommittee.

You have talked about abuses; let me assure you, Mr. Chairman, that in the

city of New York, just as soon as the earnings of a family go beyond the maximum permitted under the law they are compelled to move; and it is only those families that are in the lowest income bracket that are permitted to live in these public housing units.

It seemed peculiar to me to hear one of the Members say we have gotten along for quite a long while without subsidized housing. That is true. We also got along for a very long time without subsidizing wheat and without subsidizing corn and cotton. All we seek to do here is to subsidize human beings, to subsidize human life. Certainly, if human life is not to be subsidized and permitted to continue and exist, there should be no subsidies for anyone.

What would happen if someone should come here and propose that we end all subsidies? I can imagine the holocaust that would take place within these walls.

Someone said when they found out what it would cost that they no longer wanted public housing. The people who need this public housing cannot possibly be concerned with cost, because they have not got the money to pay for housing. It is people who are on relief, it is the people whose furniture is on the streets because they are unable to pay rent, that we provide this public housing for. Certainly if we cannot stand for a little humanity in this House I do not understand what we can possibly stand for. If there was ever a crying need for assistance in this country, Mr. Chairman, it is for the assistance provided in this bill. I think it would be a sad state of affairs if we failed to pass a public housing bill; therefore, I plead with you to vote down this amendment.

Mr. Chairman, I want to add my voice to those Members of this body who have expressed their deep interest and enthusiasm for the liberal provisions which are proposed under the Housing Act of 1961, as presented by the very able chairman of the Housing Subcommittee, **ALBERT RAINS**.

There are many features contained in this proposed legislation which will receive my wholehearted support. However, the pressing need for more low- and middle-income housing has made this area of housing and community development one of the deepest concern to me. Low-income and lower middle-income families constitute the bulk of those families displaced by urban renewal, highway construction, and other public improvements. Yet, new housing construction has consisted predominantly of the kind of apartments and one-family houses which only the very rich or at best the upper-income family could afford. This is a tragic circumstance and one which this Democratic Government should no longer cease to acknowledge. H.R. 6028 does acknowledge this circumstance by providing for liberal FHA loans, experimental rehabilitation programs, and stepped-up public housing construction, among other features.

The road to final passage has always been a rocky one for housing legislation, and apparently the 1961 legislation is to be no exception. But, gentlemen, we

must face up to the fact that the state of our cities—the lack of housing accommodations, and the continued growth of slums—looms as one of the most important of all domestic problems today. The failure to adequately accommodate the explosive growth of urban population, as it exists today will mean that the urban problems of the future will have been multiplied and expanded far beyond any possibility of reasonable solution.

We have made considerable progress since the passage of the National Housing Act in 1934, the public housing legislation of 1937, and the singularly progressive Housing Act of 1949. Nevertheless, 20 percent of our housing inventory today consists of deteriorating or dilapidated dwellings, and more than 24 percent of the country's family units have incomes of less than \$3,000. These two statistical statements combined present a clear indication of the housing needs of the low-income and moderate-income families, for it is they who cannot find decent, safe, sanitary housing—at a price they can afford.

Previous attempts to stimulate production of moderately priced housing have not met with much success in the Congress. I am convinced that this will not be true of the provisions contained in the housing legislation for 1961. There are several good reasons for my confidence in this matter.

First, the 40-year, 3-percent loans which are proposed will not be a drain on the revenue of the Federal Government as some of the previous proposals would have been. The Federal housing insurance loan program is a self-supporting operation which currently has a sufficiently adequate reserve to meet any contingency.

Second, private enterprise will take a predominant role in meeting the housing needs of the moderate-income families.

Third, there is clear and overwhelming evidence that substandard housing is abhorrent to most American citizens and they recognize the importance of creating the correct and appropriate image of American living standards in this crucial period of world history.

Fourth, congressional Members and others realize that the investment in urban renewal must be protected through the provision of decent, safe, sanitary housing for those displaced by urban renewal and other public improvements and for the increased population.

Fifth, and not the least of the reasons for my confidence that the Housing Act of 1961 will become reality, is the fact that nonfulfillment of the avowed goal of the Congress of a "decent home in a suitable living environment for every American family," would be tragic, costly, and a serious indictment of the integrity of this body which has been charged with the responsibility of representing the public interest.

In addition to the provision of moderately-priced housing through the expansion of the requirements of section 221, it is proposed that a brandnew, liberal program of insurance for home rehabilitation loans be inaugurated. This

new provision should serve as a stimulant to the upgrading of neighborhoods, an area which has been neglected, chiefly because of the reluctance of some financial institutions to invest in rehabilitating structures located in neighborhoods which contain many dwelling units which were in need of repair and proper maintenance. It will serve as an incentive to many homeowners and landlords who have been unable to secure the necessary financing at a cost which was not prohibitive. Demolitions, abandonments and conversions have removed an average of 130,000 dwelling units annually—a decrease in our housing inventory which we can ill-afford. With an adequate supply of financial assistance for rehabilitation and conservation of basically sound structures, additional housing can be made available for moderate-income families.

Public housing is apparently the only avenue of relief for the larger families and the elderly couples whose incomes are below \$3,000. It is therefore important that the limitations on construction and authorization of these units be eliminated and that communities be encouraged to use the authorizations to remove the lowest-income families from the unhealthy atmosphere of the slum and the overcrowded dwelling.

In addition to special public housing units, the 1961 Housing Act increases by \$100 million the program of direct loans for the construction of housing for the elderly—another important facet of the complex housing and community redevelopment problem.

A continuing program of urban renewal and urban planning assistance is imperative to the life of the urban centers of the country, and the Congress must assure the local levels of government that the necessary assistance will continue to be available for the long-term planning which is involved in the process of renewing our cities. Such an assurance is implicit in the increased Federal assistance envisioned by H.R. 6028.

The successful elimination of slums and blight can only be achieved if there is an increase in the supply of low and moderately priced housing; coupled with general planning and renewal financial and technical assistance from the Federal Government—this the Housing Act of 1961 would do, and I call upon every Member of this body to recognize the urgent necessity for the passage of this piece of legislation.

(Mr. FARBERSTEIN asked and was given permission to revise and extend his remarks.)

Mr. RAINS. Mr. Chairman, I wonder if we could agree on a time for closing debate on this section.

I ask unanimous consent that all debate on this section and all amendments thereto close at 4:45.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

(Mr. ASHLEY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. ASHLEY. Mr. Chairman, I rise in opposition to the amendment before us.

Nothing could be more clear than the issue which this amendment presents. Are we today, 12 years after birth of the program in the Housing Act of 1949, going to scuttle public housing or are we going to affirm it as a necessary means of providing decent housing for low income families in America?

Year after year, Mr. Chairman, we have been confronted with similar amendments, similar efforts to destroy public housing. Why is this? Is it because public housing represents an intrusion by the Federal Government into a field which properly can and should be handled by private industry? Those who support the amendment say the answer to this is yes but neither now nor in years past have they produced a scintilla of evidence to support their position.

Mr. Chairman, I wish it were the case that private industry could supply housing for low income families but the plain fact of the matter is that they cannot do so—or at least they have not done so to date. I have said repeatedly—and I believe that I express the feelings of all of us here who oppose this amendment—that I will be the first to vote against public housing and get Government out of this field when and if there is some indication of a readiness, desire, and ability to produce the needed housing by private industry.

Let me just add one thing, Mr. Chairman. It is hard for me to understand how Republicans can support this amendment to the last man. They know that decent housing for millions of American families in the lower income bracket is not being supplied privately. If their efforts to kill public housing are successful, they will have removed the only source of hope which these unfortunate families have for decent shelter.

Mr. Chairman, the amendment must be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. SANTANGELO].

(Mr. SANTANGELO asked and was given permission to revise and extend his remarks.)

(By unanimous consent, the time allotted Mr. ANFUSO was given to Mr. SANTANGELO.)

Mr. SANTANGELO. Mr. Chairman, I am opposed to the pending amendment which would strike public housing from this housing bill.

Some of you gentlemen who have come to the city of New York have noticed, when you came in on your last party, that in my particular area of Yorkville, N.Y., there are over 10,000 families who have been dislocated and displaced by luxury apartments renting at \$75 to \$100 per room per month in these new houses. These people have come begging for assistance, because they do not have the funds, they do not have the homes, they do not have the finances to move into a house which they can afford as a low-income group. These are the victims of luxury projects.

We find the gentleman from Florida saying, in essence, he does not want to give charity to these people. What will it cost us? One hundred thousand units at \$500 a unit, will cost \$50 million as a subsidy under the terms of this bill. New York State and New York City would receive not more than 7,500 units. Your charity begins in Florida, that beautiful place, with waving palms and coconut trees. The Member who is offering this amendment comes from Florida. What is the grant-in-aid situation there. We find \$157 million in grants-in-aid going to Florida. When I am on the Committee on Agriculture, I have to appropriate to protect your citrus fruits, and I have to appropriate funds for other people in the farm areas. I expect the same kind of consideration from the people on the farms, from the citrus growers of Florida, from California, I expect them to come here and give the people of my community, the people of the big cities and big States the opportunity to live in dignity, in cleanliness, and in comfort.

Mr. HERLONG. Mr. Chairman, will the gentleman yield?

Mr. SANTANGELO. I yield to the gentleman from Florida.

Mr. HERLONG. I would like to have the gentleman point out where he has appropriated anything for Florida citrus in appropriations for agriculture.

Mr. SANTANGELO. We have made appropriations for research for citrus fruits in your State, and in many other States we have provided funds for research in many agricultural areas throughout the United States.

The four big States of California, Illinois, New Jersey, and New York contribute 40 percent of the tax collections of this country. We are paying more for this program than any of you. New York State pays 19 percent of the tax collections of the country, and we ask you to do a little something for the people of my State whose public housing quota is being exhausted. The report of the city of New York is that we cannot have any more units unless this measure is approved, unless we get the 15 percent limitation.

This is a humanitarian cause. I would like to live like those in California where you have your beautiful homes, with landscaped gardens, or in the corn country in Illinois where we would have some grass, some light, and fresh air. But what happens? You say this is charity. But charity begins at home. Since we are paying the taxes for these programs, I say to you gentlemen whom we have helped in the past in your wheat programs and your corn programs, show us the same kind of Americanism and consideration that we have given to your people.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. SANTANGELO. I yield to the gentleman from California.

Mr. McDONOUGH. Is there not a State public housing authority in the State of New York?

Mr. SANTANGELO. We have a New York City Housing Authority?

Mr. McDONOUGH. I said State.

Mr. SANTANGELO. We have a State housing authority which has helped build State aid public housing projects.

Mr. McDONOUGH. But you have a city authority?

Mr. SANTANGELO. We have city and State funds, but nevertheless we still have a need for housing in New York. In my district alone 10,000 people have been uprooted, dislocated, and displaced. We ask you to give us the same sympathetic consideration that we have given you in the past.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I am confused. Only yesterday the gentleman from New York [Mr. MULTER], stood here in the well of the House and told us about the wonderful prosperity in this country. I assumed that New York was prosperous; both the city and the State. He told us about all the splendid prosperity throughout the country and ability to afford all the beautiful things of life. Now we hear of vast numbers of impoverished. What has happened in 24 hours to this prosperity, I ask my friend?

Mr. MULTER. That prosperity is still with us, but we still have the poor of this land with us in New York City and every other part of the country, and this bill will take care of those poor unfortunates who cannot help themselves.

Mr. GROSS. Now I hear from another gentleman that New York is broke.

Mr. MULTER. He did not say that at all.

Mr. GROSS. What did he say?

Mr. MULTER. He said the low-income groups—

Mr. GROSS. Wait a minute. Let me have a few seconds of my time. It was either the gentleman from New York [Mr. SANTANGELO], or the gentleman from New York [Mr. FARSTEIN] who said we are at the end of the row or our rope.

Mr. SANTANGELO. Mr. Chairman, if the gentleman will yield, the gentleman did not understand the end of the row, because under the authority granted under this housing program we can build more than a couple of thousand units, and unless this bill is passed, we are at the end of the line. And, I did not say that New York City was broke, because New York City is not broke and is also constructing low-cost public housing for some people. But, we need the assistance of the Federal Government in order to help the poor people of this country, that is all.

Mr. GROSS. I want to say one other thing in the short time allotted to me, and I hope the distinguished majority leader is on the floor. He spoke about conditions under which he lived as a youngster. I will guarantee the distinguished majority leader that as a youngster I went barefoot more years than he did, and ate more salt pork than he ever thought of eating. Yet somehow we lived and thrived without

the Government in Washington attending to our every need.

I regret that I have only 2 minutes for I would like to say more on this subject.

The CHAIRMAN. The chair recognizes the gentleman from California [Mr. ROUSSELOT].

Mr. ROUSSELOT. Mr. Chairman, I will say that I have tremendous respect for the people of the big cities that have this problem of housing. But, we do not need additional authority for Federal public housing units. There are over 17,000 units under the authority of the Public Housing Administration today that have not been used. In the last year and a half, in any one month, there have never been more than 1,100 units authorized by the P.H.A. Now, the point is simply this, that the Federal Government has more than enough authorization right now to cover so called Public Housing needs far beyond another two years. We do not need 100,000 units of public housing, and because it is a big spending item that we are encouraging unnecessarily. I shall support this Herlong amendment because it is necessary. If you want to go back to your district and say I am not a big spender, vote for this Herlong amendment. This amendment will eliminate an unnecessary 3.5 billion of unneeded expenditure.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, I would like the distinguished gentleman from Alabama [Mr. RAINS], the chairman, to hear this, because this is the way the act operates in certain instances. I have a good place called Stowe Township in my district in Pennsylvania.

In 1941 the Federal Housing Administrator built a Government housing project on a plot of ground called Ohio-view Acres and they had 15 acres left unused. The project later came under the low-rent program, and because the plans of the Administrator did not take proper care of the storm sewer from the project there was a suit against both the township and the Federal Housing Administrator. The Housing Administrator refused to pay, so the township received a judgment against it for \$15,255.55 with interest about \$3,800 making a total of \$23,000 damage in favor of the railroad on which the debris was washed in a storm.

This damage occurred in 1941, 1942, and 1943 and the Federal Housing Administrator has paid no contribution yet. The commissioners of this township saw that the local housing authority all this time had 15 acres of unused land. So, they said to the Allegheny County Housing Authority "Give it to us for a park or swimming pools." The authority then informed the township commissioners that the request could not be acceded to, saying "We may need the land in the future." How long is the Federal Housing Administration and the local authority going to hold the 15 acres of unused land? There has been no decision yet.

I read from part of the correspondence on the subject of the storm damages and the correspondence and resolution of the Housing Authority regarding the unused land. Why can't these problems be worked out? I believe that intelligent people can come to a successful conclusion and all parties will be happy.

WILLIAM F. CERCONE,

Pittsburgh, Pa., January 21, 1954.

Hon. JAMES GROVE FULTON,
New Federal Building,
Pittsburgh, Pa.

DEAR MR. FULTON: In my several conversations with you concerning the above case, you asked me to set forth a detailed account of the township's request for reimbursement from the Federal Government of money which the township, by reason of judgment obtained against it in the above captioned case, is compelled to pay to the Pittsburgh & Lake Erie Railroad Co. for damages it incurred because of the Federal Housing Authority's negligent maintenance of its drainage system situate in the Stowe Township project known as Ohio View Acres.

In 1941, the Federal Housing Administrator, acting under the authority of the Federal Government, began building the Government housing project on a plot of ground in Stowe Township. At that time, the township was assured that if any damages were incurred by the township because of any of the functions of the project, the township would be reimbursed for said damages. A letter to that effect was sent to the township. However, it has been mislaid and I am certain that a copy of the letter will be found in the file of the Federal Housing Administrator concerning this project.

Drainage from the Government project was directed into the township's sewers and, since the area on which Ohio View Acres was built was so graded, sloped and drained, approximately 70 percent of all the drainage was directed toward the Nichol's Hollow sewer. The project drainage was conducted by connecting pipes and ditches lined with paving block running into the township sewer. The township sewer ran down Nichol's Hollow along Tunnel and Margaret Streets and eventually into the sewer system of the railroad and ultimately to the Ohio River.

In the years 1941, 1942 and 1943, during and after the construction of Ohio View Acres, the concentrated drainage from the area of the project flowed down Nichol's Hollow through the township sewer and into the railroad sewers.

In July 1943, the railroad's drainage facilities became blocked with debris and the paving blocks from Ohio View Acres which had become dislodged and flowed through the township sewers down to the entrance of the railroad sewers. The paving blocks blocked the drainage facilities of the railroad and caused debris and water to overflow onto the railroad tracks, at a cost to the railroad of \$15,255.55 for the removal of the accumulations.

The railroad sued the township for this damage and the township attempted to join the Federal Housing Administrator as co-defendant in the case, but the Housing Administrator refused to be joined. Because of the Housing Administrator's immunity from suit, the township was compelled to defend an action in which the Federal Government could very well have been more justifiably held accountable.

The railroad obtained judgment against the township and now the township faces the heavy burden of payment of the judgment in the sum of \$15,255.55, with interest in excess of \$3,800, which makes a total amount in excess of \$23,000.

Judge Sarah Soffel, of the Court of Common Pleas of Allegheny County, before whom the case was tried, stated in her opinion:

"In the instant case it is clear to the court that the Federal Government failed to provide proper and adequate drainage facilities for the Ohio View Acres project. Logically it should be held responsible and made to account for the damage done."

The opinion reveals how strongly the court felt that the Authority should pay the damages.

In the agreement between the township and the Federal Housing Authority, there appears a clause stating as follows:

"It is understood and agreed that the township will not be required to make any capital expenditures for the development of any sewer in connection with the construction of the development."

This agreement certainly establishes the fact that the burden of responsibility for the wrongful and negligent maintenance of drainage systems by the Federal Government should not be shifted to the township. At the time the railroad sued the township, the township officials were assured by representatives of the Federal Housing Authority that the township would not be burdened with any financial loss. But no help or aid has been forthcoming from the Authority.

The inability of the township to bring the Federal Housing Authority in as codefendant in the case should not impose upon it an obligation for which it is not responsible. The township should not be called upon to indemnify the railroad under the circumstances of this case, for damages which it suffered through the fault of the Federal Housing Administration.

The execution of the agreements between the township and the Federal Housing Administration was brought about by a series of circumstances over which the township had no control and which it could not escape. When the Government chose a location for its project, it did so without permission or leave and made its own regulations. In this case the Federal Housing Administration (1) secured no permit to build from the township; (2) submitted no plans to the township for approval; (3) submitted no plans for the construction of its streets and sewers; (4) constructed streets, sewers, and building according to plans and specifications, in a manner which did not conform with the township's requirements; (5) the township has never accepted the housing project known as Ohio View Acres and will not accept its streets and sewers because they do not comply with township specifications; (6) the housing project does not pay for itself through taxes, and receives services from the township in excess of the taxes which are paid.

Prior to this damage sustained by the railroad, the township and the railroad had enjoyed peaceful relationships in their respective functions and particularly with regard to their sewer systems since 1901. There was no trouble between the township and the railroad, nor had the railroad ever sustained any damages over the drainage of the township sewers into the railroad sewers prior to the existence of this project. It does not seem equitable that the township should be harnessed with this huge expense when, in fact, the damage to the railroad was brought about by the malfunction of the Federal project's drainage system.

It is the respectful opinion of the township that the Federal Government should in all justice reimburse the township for at least the face amount of the judgment, \$15,255.55.

The township officials respectfully seek your able assistance in procuring for it the reimbursement of the \$15,255.55, the judgment amount which it is compelled to pay to the Pittsburgh & Lake Erie Railroad Co.

for damages brought about by the negligence of the Federal Housing Authority.

I shall be at your service to do whatever is necessary to expedite this matter.

With kindest regards, I am,

Sincerely yours,

WILLIAM F. CERCONE,
Solicitor for Stowe Township (Now Judge).

MAY 31, 1960.

Hon. JAMES G. FULTON,
Pittsburgh, Pa.

DEAR CONGRESSMAN FULTON: about 20 years ago the Ohio View Acres project in Stowe Township was built on what was known as the Nichol farm. Approximately 15 acres were left unused.

The township of Stowe would like to have the Government donate this 15 acres of land so that it could be developed as a badly needed recreational park in our township. We plan to build a swimming pool, tennis courts and picnic shelters, outdoor grills, etc.

These facilities are sorely needed here as there is no other pool in our township or the surrounding ones and no means whatsoever of recreation for the people, especially the young people who live in this project and the area which surrounds it; a semirural area.

We enclose a copy of a plan of this 15 acre plot of land.

Any help you can give us in getting this land will be appreciated greatly not only by the correspondent but by the residents of the township.

Sincerely yours,

STANLEY BACHOWSKI,
Chairman, Board of Stowe
Township Commissioners.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., June 11, 1960.

Mr. STANLEY BACHOWSKI,
Chairman, Board of Stowe Township Com-
missioners, McKees Rocks, Pa.

DEAR BACHOWSKI: Your letter of May 31, 1960, has been forwarded to me in Washington, D.C., and I have read it with care and have gone over the blueprint which you have submitted.

As I had advised you and your members at our personal meeting, I am deeply interested in assisting Stowe Township in working out some arrangement with the Federal Government for the use of 15 acres of land in the Ohio View Acres project in Stowe Township, which was built on what was known as the Nichol farm. I agree with you that the best use of this land, now unused, would be for the development of a badly needed recreational park in Stowe Township. I have made special note of your comments that these facilities are sorely needed as there is no other swimming pool in the township or the surrounding townships. Likewise, there is no means whatsoever of recreation for the people, especially the young people who live in this project, in the area which surrounds it.

You have stated in your letter of May 31, 1960, that the township plans to build a swimming pool, tennis courts, picnic shelters, outdoor grills, etc., in this area if it is made available for these purposes. At your convenience, could you give me an estimate of the amount the township is willing to spend on the development of this area for these purposes, provided the land is made available to it? Also, I would like to have what use the land might be put to in connection with needed recreation areas for the Stowe Township School District.

I am immediately contacting the Federal authorities in Washington, D.C., and will be glad to advise you promptly when I have made a preliminary survey to see what course we should follow in approaching this

proposed development. Count on my continued full cooperation and deep interest.

With personal regards.

Sincerely,

JAMES G. FULTON.

CONGRESS OF THE UNITED STATES,
HOUSES OF REPRESENTATIVES,
Washington, D.C., November 22, 1960.

Mr. C. HOWARD MCPHEAK,
Executive Director, Allegheny County Hous-
ing Authority, Pittsburgh, Pa.

DEAR MR. MCPHEAK: I am writing to you further in regard to the proposed acquisition by Stowe Township of 15 acres of land which is part of Project PA-6-20 owned by your authority.

Paul R. Boesch, regional attorney of the Housing and Home Finance Agency, in his letter to you of February 5, 1960, had outlined the procedure for disposition of such land, if found to be excess to your needs, stating that it is set forth in section 121 of your administration contract (Form PHA-2243, Revised July 1952) and the Low Rent Housing Manual, section 509.1. Mr. Boesch had further stated that he understands that you have requested Mr. Emil R. Pecori to arrange a meeting between representatives of the township and your authority to discuss this matter and that you will advise him after such meeting is held.

Emil R. Pecori has now advised our office that you had talked with him the latter part of August, 1960 about this property, and that we understand from that conversation that no definite decision has been made by your agency as yet, whether the land might be surplus now or at a future date. Your office understood that there might be some chance at a future date that the land could be used as a housing project for the aged similar to one in Homestead.

I would strongly urge that some decision be made on this land, as it is better to have it in use as a recreation area than to have the land idle for years with no decision as to use having been made at a governmental level. This is said without criticism and merely on the basis that this land is so suitable for a recreation area and is desired by the local officials and community for that purpose, and I would recommend that such procedure be instituted at present. In addition, I would like to assure you that you will receive my full support for the acquisition of further land in this area or in our congressional district for housing projects for the aged which might come up in the future, and I will also continue my full support and cooperation for the funds for such projects.

Under these circumstances, I would request a further consideration of the situation in Stowe Township, in order that the governmental representatives of Stowe Township might proceed with such a constructive proposal for making the Stowe Township area a better and more pleasant place to live.

Sincerely,

JAMES G. FULTON.

ALLEGHENY COUNTY HOUSING
AUTHORITY,
Pittsburgh, Pa.

The following resolution was adopted by the board on December 1, 1960:

"RESOLUTION 60-37

"Resolution retaining unused land at Ohio View Acres for future development:

"Whereas the township of Stowe has requested Allegheny County Housing Authority to convey to the township, three parcels of vacant land at Ohio View Acres public housing project, PA-6-20, so that the township might develop the same as a public park; and

"Whereas the members and staff attorney of Allegheny County Housing Authority, pursuant to the housing authority policy of cooperating in the public interest with local communities whenever possible, have studied the township request, examined the land in question, and looked into the legal aspects and potential use of said land: Now, therefore, be it

"Resolved, That the township of Stowe be advised:

"1. That the land in question was deeded for a specific purpose to Allegheny County Housing Authority by the Federal Government as part of the housing project at the time the project was converted from a Federal defense project to a low-rent housing project, namely for use in connection with and for the purpose of low-rent public housing.

"2. That the land is such that it might be developed and used for the purpose specified in the deed of conveyance, and therefore cannot be alienated.

"3. That it is the present policy of the Government to make provision in public housing for elderly people, whose income is not sufficient to provide them with decent standard housing, and this land at Ohio View Acres might well be used for the construction of low-rent housing for the elderly.

"4. That the members of Allegheny County Housing Authority regret that the request of the township of Stowe cannot be complied with and the land in question must be held by Allegheny County Housing Authority for use in connection with low-rent public housing."

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, I wish to raise my voice, a small and humble voice, for a man who 12 years ago was the idol on the other side of the aisle and now that he is dead those who cheered and followed him 12 short years ago seek to tumble into rubbish his monument.

We hear the ringing of the chimes in the memorial they built of material things that money can buy, but the imperishable monument to Bob Taft is the Housing Act of 1949, and its program for roofs over families that otherwise would be roofless. That monument, those who addressed him with pride and adoration as "Mr. Republican" when he was among us, now would raze to the ground.

I wonder how quietly with their conscience, they will be resting tonight—I wonder when again they listen to the chimes ringing into the Washington air from the Taft memorial what thoughts will haunt their minds. History already has written the Housing Act of 1949, which never would have been enacted but for Bob Taft's herculean support, the outstanding legislative accomplishment of a long and distinguished career. Does not conscience prick when those who acclaimed him, now assail as something odious, the program of housing for the homeless that he put in the Housing Act of 1949 and which was very close to his heart.

Just one other thought. I am 79 years old and all my life I have known public housing. When I was a boy public housing was the poorhouse, and the poorhouse was the biggest house in every county. The people did not have much money, but they supported the poor-

house. They did not call it public housing, but that is exactly what it was.

How ridiculous it is today that people should say that public housing is a new concept and that people always got along without public housing until the Housing Act of 1949. Why, they never got along without public housing. Thank goodness, this great land of ours has always been peopled with men and women with hearts and they always have responded to the needs of those who were in need. Call it a poorhouse, as they did in my boyhood, and no one grumbled over its support, or a public housing project, as it is termed in an era of the more expansive vocabulary, it is the same expression of the unchanging will of the American people to give shelter to men and women and children whom misfortune has made dependent on the helping hand of their brothers. Together we walk the paths of life. We cannot walk alone.

The CHAIRMAN. All time has expired. The question is on the amendment offered by the gentleman from Florida [Mr. HERLONG].

Mr. HERLONG. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. HERLONG and Mr. RAINS.

The Committee divided and the tellers reported that there were—ayes 141, noes 168.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

Mr. McDONOUGH. Mr. Chairman, I ask unanimous consent that the bill be considered as read, and open to amendment at any point.

The CHAIRMAN. Is there any objection to the request of the gentleman from California?

Mr. HALLECK. Mr. Chairman, reserving the right to object, and I am not going to object, of course, however, if this unanimous consent is granted, then the majority, if they have the votes, could move to shut off debate on the entire bill and all amendments thereto. I sincerely hope, if we dispense with the reading of the bill that those who want to offer amendments will at least have an opportunity to have 5 minutes pro and con on their amendments, without the threat of debate being shut off.

Mr. RAINS. Certainly, I would not make any such move unless I had an agreement with my colleagues on the other side.

Mr. HALLECK. Mr. Chairman, I withdraw my reservation of objection.

Mr. McDONOUGH. Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read and open to amendment at any point.

Mr. MULTER. Mr. Chairman, of course, that means that the remainder of the bill which has not yet been read will be open for amendment and not the entire bill.

The CHAIRMAN. The gentleman is correct.

Is there objection to the request of the gentleman from California?

There was no objection.

The remainder of the bill is as follows:
Extension of waiver in case of veterans and servicemen

✓ SEC. 205. The proviso in section 15(8)(b) of the United States Housing Act of 1937 is amended by striking out "October 1, 1961" and inserting in lieu thereof "October 1, 1965".

Miscellaneous public housing amendments

SEC. 206. (a) Section 15 of the United States Housing Act of 1937 is amended by—

(1) inserting in paragraph (5) after the second parenthetical clause the following: "on which the computation of any annual contributions under this Act may be based";

(2) striking out "\$2,500" in paragraph (5) and inserting in lieu thereof "\$3,000";

(3) striking out paragraph (6), redesignating paragraph (9) as paragraph (6), and transferring paragraph (9), as so redesignated, to place heretofore occupied by the paragraph so stricken out; and

(4) striking out "or 5 per centum in the case of any family entitled to a first preference as provided in section 10(g)" in paragraph (7)(b) and inserting in lieu thereof "except in the case of a family displaced by urban renewal or other governmental action or an elderly family".

(b) Section 10(h) of such Act is amended by inserting the following after the word "project" the third time it appears therein: "(exclusive of any portion thereof which is not assisted by annual contributions under this Act)".

(c) Section 10(j) of such Act is repealed.

TITLE III—URBAN RENEWAL AND PLANNING

Increased Federal aid for small communities; pooling grants-in-aid between projects

SEC. 301. (a) Section 103(a) of the Housing Act of 1949 is amended by inserting "(1)" after "(a)", by striking out the last two sentences, and by inserting at the end thereof the following:

"(2) The aggregate of such capital grants with respect to all of the projects of a local public agency (or of two or more local public agencies in the same municipality) on which contracts for capital grants have been made under this title shall not exceed the total of—

"(A) two-thirds of the aggregate net project costs of all such projects to which neither subparagraph (B) nor subparagraph (C) applies, and

"(B) three-fourths of the aggregate net project costs of any of such projects which are located in a municipality having a population of fifty thousand or less (one hundred fifty thousand or less in the case of a municipality situated in an area which, at the time the contract or contracts involved are entered into or at such earlier time as the Administrator may specify in order to avoid hardship, is designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act) according to the most recent decennial census, and

"(C) three-fourths of the aggregate net project costs of any of such projects (not falling within subparagraph (B)) which the Administrator, upon request, may approve on a three-fourths capital grant basis.

"(3) A capital grant with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project."

(b) Section 104 of such Act is amended by striking out the second sentence and inserting in lieu thereof the following: "Such local grants-in-aid, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency (or two or more local public agencies

in the same municipality) on which contracts for capital grants have theretofore been made, shall be at least equal to the total of one-third of the aggregate net project costs of such projects undertaken on a two-thirds capital grant basis and one-fourth of the aggregate net project costs of such projects undertaken on a three-fourths capital grant basis."

(c) The third and fourth sentences of section 110(e) of such Act are each amended by striking out "pursuant to the proviso in the second sentence of section 103(a)" and inserting in lieu thereof "pursuant to section 103(a)(2)(C)".

Capital grant authorization

SEC. 302. Section 103(b) of the Housing Act of 1949 is amended by striking out the first sentence and inserting in lieu thereof the following: "The Administrator may, with the approval of the President, contract to make grants under this title aggregating not to exceed \$4,000,000,000."

Relocation payments

SEC. 303. Section 106(f)(2) of the Housing Act of 1949 is amended—

(1) by inserting after "\$3,000" the following: "(or, if greater, the total certified actual moving expenses)"; and

(2) by inserting "and actual direct losses of property" before the period at the end of the last sentence.

Financial assistance for displaced business concerns

SEC. 304. Section 7(b) of the Small Business Act is amended—

(1) by striking out "and" at the end of paragraph (1);

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; and"; and

(3) by adding after paragraph (2) a new paragraph as follows:

"(3) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to any small-business concern if the Administration determines that such concern has suffered substantial economic injury (for which reimbursement or compensation is not otherwise made, exclusive of relocation payments, if any, under section 106(f) of the Housing Act of 1949) as a result of its displacement by an urban renewal project included in an urban renewal area respecting which a contract for capital grant has been executed under such Act."

Resale of property in urban renewal areas for housing for moderate income families

SEC. 305. (a) Section 107 of the Housing Act of 1949 is amended by—

(1) changing the title thereof to read "PROPERTY TO BE USED FOR PUBLIC HOUSING OR HOUSING FOR MODERATE INCOME FAMILIES";

(2) inserting "(a)" before the first sentence and striking out the words "to be" in such sentence;

(3) striking out "is incorporated" and inserting in lieu thereof "was incorporated on or after September 23, 1959,"; and

(4) adding at the end thereof the following new subsection:

"(b) Upon approval of the Administrator and subject to such conditions as he may determine to be in the public interest, any real property held as part of an urban renewal project may be made available to (1) a limited dividend corporation, nonprofit corporation or association, cooperative, or public body or agency, or (2) a purchaser who would be eligible for a mortgage insured under section 221(d)(4) of the National Housing Act, for purchase at fair value for use by such purchaser in the provision of

new or rehabilitated rental or cooperative housing for occupancy by families of moderate income."

(b) Clause (4) of the second sentence of section 110(c) of the Housing Act of 1949 is amended by inserting before the semicolon at the end thereof the following: "or as provided in section 107".

Rehabilitation

SEC. 306. (a) The second sentence of section 110(c) of the Housing Act of 1949 is amended by—

(1) striking out "and" at the end of paragraph (5);

(2) striking out the period at the end of paragraph (6) and inserting in lieu thereof "; and"; and

(3) adding after paragraph (6) a new paragraph as follows:

"(7) acquisition and repair or rehabilitation for guidance purposes, and resale by the local public agency, of structures which are located in the urban renewal area and which, under the urban renewal plan, are to be repaired or rehabilitated for dwelling use or related facilities: *Provided*, That the local public agency shall not acquire for such purposes, in any urban renewal area, structures which contain or will contain more than (A) one hundred dwelling units, or (B) 5 per centum of the total number of dwelling units in such area which, under the urban renewal plan, are to be repaired or rehabilitated, whichever is the lesser."

(b) The third sentence of section 110(c) of such Act is amended by inserting after "include" the following: "(except as provided in paragraph (7) above)".

Increase in nonresidential exception

SEC. 307. The fifth sentence of section 110(c) of the Housing Act of 1949 is amended by—

(1) striking out "Housing Act of 1959" and inserting in lieu thereof "Housing Act of 1961"; and

(2) striking out "20 per centum" and inserting in lieu thereof "30 per centum".

Eligibility of certain local grants-in-aid

SEC. 308. Section 110(d) of the Housing Act of 1949 is amended by adding at the end thereof the following new paragraph:

"Notwithstanding the provisions of section 312 of the Housing Act of 1954 or any request previously made by any local public agency pursuant to such section, upon request of the local public agency the eligibility of the local grants-in-aid for any project of such local public agency in connection with which the final capital grant payment has not been made shall be determined in accordance with the provisions of this subsection (and, if applicable, section 112)."

Urban renewal areas involving colleges, universities, or hospitals

SEC. 309. Section 112 of the Housing Act of 1949 is amended to read as follows:

"Urban renewal areas involving colleges, universities, or hospitals

"Sec. 112. (a) In any case where an educational institution or a hospital is located in or near an urban renewal project area and the governing body of the locality determines that, in addition to the elimination of slums and blight from such area, the undertaking of an urban renewal project in such area will further promote the public welfare and the proper development of the community (1) by making land in such area available for disposition, for uses in accordance with the urban renewal plan, to such educational institution or hospital for redevelopment in accordance with the use or uses specified in the urban renewal plan, (2) by providing, through the redevelopment of the area in accordance with the urban renewal plan, a cohesive neighborhood environment compatible with the functions and needs of such educational institution or

hospital, or (3) by any combination of the foregoing, the Administrator is authorized to extend financial assistance under this title for an urban renewal project in such area without regard to the requirements in section 110 hereof with respect to the predominantly residential character or predominantly residential reuse of urban renewal areas. The aggregate expenditures made by any such institution or hospital (directly or through a private redevelopment corporation or municipal or other public corporation) for the acquisition within, adjacent to, or in the immediate vicinity of the project area, of lands, buildings, and structures to be redeveloped or rehabilitated by such institution for educational uses or by such hospital for hospital uses, in accordance with the urban renewal plan (or with a development plan proposed by such institution, hospital, or corporation, found acceptable by the Administrator after considering the standards specified in section 110(b), and approved under State or local law after public hearing) and for the demolition of such buildings and structures if, pursuant to such urban renewal or development plan, the land is to be cleared and redeveloped, and for the relocation of occupants from buildings and structures to be demolished or rehabilitated, as certified by such institution or hospital to the local public agency and approved by the Administrator, shall be a local grant-in-aid in connection with such urban renewal project: *Provided*, That no such expenditure shall be eligible as a local grant-in-aid in any case where the property involved is acquired by such educational institution or hospital from a local public agency which, in connection with its acquisition or disposition of such property, has received, or contracted to receive, a capital grant pursuant to this title.

"(b) No expenditure made by any educational institution or hospital, as provided in subsection (a), shall be deemed ineligible as a local grant-in-aid in connection with any urban renewal project if made not more than five years prior to the authorization by the Administrator of a contract for a loan or capital grant for such project.

"(c) The aggregate expenditures made by any public authority, established by any State, for acquisition, demolition, and relocation in connection with land, buildings, and structures acquired by such public authority and leased to an educational institution for educational uses or to a hospital for hospital uses shall be deemed a local grant-in-aid to the same extent as if such expenditures had been made directly by such educational institution or hospital.

"(d) As used in this section—

"(1) the term 'educational institution' means any educational institution of higher learning, including any public educational institution or any private educational institution, no part of the net earnings of which inures to the benefit of any private shareholder or individual; and

"(2) the term 'hospital' means any hospital licensed by the State in which such hospital is located, including any public hospital or any nonprofit hospital, no part of the net earnings of which inures to the benefit of any private shareholder or individual."

Urban planning assistance

SEC. 310. Section 701 of the Housing Act of 1954 is amended by—

(1) striking out "50 per centum" in the first sentence of subsection (b) and inserting in lieu thereof "two-thirds";

(2) striking out "\$20,000,000" in the last sentence of subsection (b) and inserting in lieu thereof "\$50,000,000";

(3) inserting after "public facilities" in clause (1) of subsection (d) "including transportation facilities"; and

(4) adding at the end thereof the following new subsection:

"(f) The consent of the Congress is hereby given to any two or more States to enter into agreements or compacts, not in conflict with any law of the United States, for cooperative efforts and mutual assistance in the comprehensive planning for the physical growth and development of interstate metropolitan or other urban areas, and to establish such agencies, joint or otherwise, as they may deem desirable for making effective such agreements and compacts."

Historical site in urban renewal area

SEC. 311. (a) Notwithstanding section 110 (c)(4) of the Housing Act of 1949, as amended, or any other provision of law, the urban renewal project in Knoxville, Tennessee, known as the Riverfront-Willow Street redevelopment project, may include the donation by the Knoxville Housing Authority to the James White's Fort Association, by a suitable instrument of conveyance, of all right, title, and interest of the authority in and to the following described tract of land, constituting a portion of tract T-2 of the said project and containing 0.985 acres more or less:

Beginning at an iron pin located at the intersection of the east property line of Collins Alley and the south property line of Rouser Alley; thence in a northerly direction, north 32 degrees 35 minutes west, 111.0 feet to an iron pin located in the east property line of Collins Alley; thence in a westerly direction, south 55 degrees 20 minutes west, 207.0 feet to an iron pin; thence in a southwesterly direction, south 35 degrees 05 minutes west, 80 feet to an iron pin; thence in a southerly direction south 27 degrees 25 minutes east, 193.40 feet to an iron pin located in the north property line of Hill Avenue; thence in an easterly direction, north 67 degrees 43 minutes east, 33.54 feet to an iron pin; thence in an easterly direction, north 60 degrees 02 minutes east, 31.64 feet to an iron pin; thence in an easterly direction, north 58 degrees 30 minutes 30 seconds east, 53 feet to an iron pin located in the north property line of Hill Avenue; thence in a northerly direction, north 30 degrees 22 minutes 30 seconds west, 134.03 feet to an iron pin; thence in an easterly direction, north 59 degrees 21 minutes 30 seconds east, 175.61 feet to the point of beginning.

(b) The conveyance authorized to be included in the Riverfront-Willow Street redevelopment project under subsection (a) of this section shall be made only if the James White's Fort Association represents, and furnishes such assurances as may be required by the Knoxville Housing Authority, that such association (1) will undertake the reconstruction on the site conveyed of General James White's cabin and fort, and (2) will develop, preserve, and operate such property on a nonprofit basis as a historical site or monument.

Credit for cost of school construction

SEC. 312. No public facility, the provision of which is otherwise eligible as a local grant-in-aid for any urban renewal project receiving assistance under title I of the Housing Act of 1949 in the city of Roanoke, Virginia, and the construction of which was commenced prior to January 1, 1961, shall be deemed to be ineligible as a local grant-in-aid because of any change in the urban renewal plan for such project which is determined by the Housing and Home Finance Administrator to have resulted from the proposed location within the urban renewal area in which such project was undertaken of a federally aided highway. For the purpose of computing the portion of the cost of any such facility which may be allowed as a local grant-in-aid, the degree of benefit of the facility to such urban renewal area shall be based on the latest estimate of benefit submitted by the local public agency and accepted by the Administrator prior to such change in the urban renewal plan.

Technical amendments

SEC. 313. (a) Section 101(c) of the Housing Act of 1949 is amended by inserting in clause (1) after "workable program" the words "for community improvement".

(b) Section 102(a) of such Act is amended by inserting in the second proviso after "demolition and removal" the first place it appears the following: ", together with administrative, relocation, and other related costs and payments."

(c) Clause (4) of the second sentence of section 110(c) of such Act is amended by striking out "initial".

Parks and recreational facilities

SEC. 314. Section 105(a) of the Housing Act of 1949 is amended by striking out "and" preceding clause (iii), and by adding at the end thereof the following: "and (iv) the urban renewal plan gives due consideration to the provision of adequate park and recreational areas and facilities, as may be desirable for neighborhood improvement, with special consideration for the health, safety, and welfare of children residing in the general vicinity of the site covered by the plan;"

TITLE IV—COLLEGE HOUSING

Loan authorization

SEC. 401. Section 401(d) of the Housing Act of 1950 is amended by striking out the first colon and all that follows and inserting in lieu thereof the following: ", which amount shall be increased by \$300,000,000 on July 1 in each of the years 1961 through 1964: *Provided*, That the amount outstanding for other educational facilities, as defined herein, shall not exceed \$175,000,000, which limit shall be increased by \$30,000,000 on July 1 in each of the years 1961 through 1964: *Provided further*, That the amount outstanding for hospitals, referred to in clause (2) of section 404(b) of this title, shall not exceed \$100,000,000, which limit shall be increased by \$30,000,000 on July 1 in each of the years 1961 through 1964."

Apportionment by States

SEC. 402. Section 403 of the Housing Act of 1950 is amended by striking out "10 per centum" and inserting in lieu thereof "12½ per centum".

Housing provided by nonprofit corporations

SEC. 403. (a) Clause (3) of section 404(b) of the Housing Act of 1950 is amended—

(1) by striking out "established by any institution included in clause (1) of this subsection for the sole purpose" and inserting in lieu thereof "established for the sole purpose"; and

(2) by striking out "such institution" where it first appears and inserting in lieu thereof "one or more institutions included in clause (1) of this subsection".

(b) Clause (3) of section 404(b) of such Act is further amended by striking out "will pass to such institution" and inserting in lieu thereof "will pass to such institution (or to any one or more of such institutions) unless it is shown to the satisfaction of the Administrator that such property or the proceeds from its sale will be used for some other nonprofit educational purpose".

(c) Section 404(b) of such Act is further amended by adding at the end thereof the following new sentence: "In the case of any loan made under section 401 to a corporation described in clause (3) of this subsection which was not established by the institutions or institutions for whose students or students and faculty it would provide housing, the Administrator shall require that the note securing such loan be co-signed by such institution (or by any one or more of such institutions)."

TITLE V—COMMUNITY FACILITIES

Public facility loans

SEC. 501. (a) (1) The first paragraph of section 201 of the Housing Amendments of

1955 is amended by striking out "the States and their political subdivisions" and inserting in lieu thereof "municipalities and other political subdivisions of States".

(2) The third paragraph of section 201 of such Amendments is amended by striking out "States, municipalities, or" and inserting in lieu thereof "municipalities and".

(3) The first sentence of section 202(a) of such Amendments is amended to read as follows: "The Housing and Home Finance Administrator, acting through the Community Facilities Administration, is authorized to purchase the securities and obligations of, or make loans to, municipalities and other political subdivisions of States (including public agencies and instrumentalities of one or more municipalities or other political subdivisions in the same State), to finance specific projects for public works or facilities under State, municipal, or other applicable law."

(b) Section 202(b)(2) of such Amendments is amended by adding at the end thereof the following new sentence: "Subject to such maximum maturity, the Administrator in his discretion may provide for the postponement of the payment of interest on not more than 50 per centum of any financial assistance extended to an applicant under this section for a period up to ten years where (A) such assistance does not exceed 50 per centum of the development cost of the project involved, and (B) it is determined by the Administrator that such applicant will experience above-average population growth and the project would contribute to orderly community development, economy, and efficiency; and any amounts so postponed shall be payable with interest in annual installments during the remaining maturity of such assistance."

(c) (1) Section 202(b) of such Amendments is further amended by adding at the end thereof the following new paragraph:

"(3) Financial assistance extended under this section shall bear interest at a rate determined by the Administrator which shall be no more than the higher of (A) 2¾ per centum per annum, or (B) the total of one-quarter of 1 per centum per annum added to the rate of interest paid by the Administrator on funds obtained from the Secretary of the Treasury as provided in section 203(a)."

(2) The third sentence of section 203(a) of such Amendments is amended to read as follows: "Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) 2½ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance by the Administrator and adjusted to the nearest one-eighth of 1 per centum."

(d) Section 202(b) of such Amendments is further amended by adding at the end thereof (after the paragraph added by subsection (c)(1) of this section) the following new paragraph:

"(4) No financial assistance shall be extended under this section to any municipality or other political subdivision having a population of fifty thousand or more (one hundred fifty thousand or more in the case of a community situated in an area designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act) according to the most recent decennial census, or to any public agency or instrumentality of one or more municipalities or other political subdivisions having a population (or an aggregate population) equal to or exceeding that figure according to such census."

(e) Section 202(b) of such Amendments is further amended by adding at the end thereof (after the paragraph added by sub-

section (d) of this section) the following new paragraph:

"(5) Financial assistance extended under this section to any applicant with respect to any one project shall not exceed \$10,000,000 outstanding at any one time."

(f) Section 202 of such Amendments is further amended by adding at the end thereof the following new subsection:

"(d) The types of public works and facilities for which financial assistance under this section may be extended on and after the date of enactment of the Housing Act of 1961 shall be the same as those for which such assistance could be extended in accordance with regulations of the Administrator immediately prior to such date."

(g) Section 203(a) of such Amendments is amended by striking out "\$150,000,000" and inserting in lieu thereof "\$650,000,000".

(h) Title II of such amendments is further amended by adding at the end thereof the following new section:

"SEC. 207. The Administrator is authorized to establish technical advisory services to assist municipalities and other political subdivisions in the budgeting, financing, planning, and construction of community facilities. There are hereby authorized to be appropriated such sums as may be necessary, together with any fees that may be charged, to cover the cost of such services."

Advances for public works planning

SEC. 502. Section 702 of the Housing Act of 1954 is amended by—

(1) striking out in subsection (a) "10" and inserting in lieu thereof "12½";

(2) striking out the first sentence of subsection (b) and inserting in lieu thereof the following: "No advance shall be made hereunder with respect to any individual project, including a regional or metropolitan or other area-wide project, unless (1) it is planned to be constructed within or over a reasonable period of time considering the nature of the project, (2) it conforms to an overall State, local, or regional plan approved by a competent State, local, or regional authority, and (3) the public agency formally contracts with the Federal Government to complete the plan preparation promptly and to repay such advance or part thereof when due.";

(3) inserting after "1958;" in subsection (e) the following: "\$10,000,000 which may be made available to such fund on or after July 1, 1961;" and

(4) striking out in subsection (e) "\$48,000,000" and inserting in lieu thereof "\$58,000,000".

TITLE VI—AMENDMENTS TO THE NATIONAL HOUSING ACT

*Federal National Mortgage Association**Special Assistance Authorization*

SEC. 601. (a) Section 305(c) of the National Housing Act is amended to read as follows:

"(c) The total amount of purchases and commitments authorized by the President pursuant to subsection (a) of this section shall not exceed \$1,700,000,000 outstanding at any one time."

(b) Section 305(g) of such Act is amended by adding before the period at the end thereof the following: "": *Provided further*, That the authority of the Association to make purchases and commitments under this subsection shall terminate on the date of enactment of the Housing Act of 1961, and any portion of the total amount of such authority as specified in the first proviso in this subsection which on such date would otherwise be available for making such purchases and commitments shall be transferred to and merged with the authority granted by subsection (a) and added to the amount of such authority as specified in subsection (c)".

(c) Section 306 of such Act is amended by adding at the end thereof the following new subsection:

"(f) Notwithstanding any of the provisions of this Act or of any other law, an amount equal to the net decrease for the preceding fiscal year in the aggregate principal amount of all mortgages owned by the Association under this section shall, as of July 1 of each of the years 1961 through 1964, be transferred to and merged with the authority provided under section 305(a), and the amount of such authority as specified in section 305(c) shall be increased by any amounts so transferred."

Limitation on Mortgage Amount

SEC. 602. (a) Section 302(b) of the National Housing Act is amended by striking out "or 803" and inserting in lieu thereof "or title VIII".

(b) Section 302(b) of such Act is further amended by inserting before "or a mortgage covering property" the following: "or insured under section 213 and covering property located in an urban renewal area,".

Federal National Mortgage Association Lending Authority

SEC. 603. (a) Section 302(b) of the National Housing Act is amended by striking out "to make commitments" and all that follows down through the first colon and inserting in lieu thereof the following: "pursuant to commitments or otherwise, to purchase, lend (under section 304) on the security of, service, sell, or otherwise deal in any mortgages which are insured under the National Housing Act, or which are insured or guaranteed under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code:".

(b) The first sentence of section 303(b) of such Act is amended by inserting immediately before the period at the end thereof the following: "; and by requiring each borrower to make such payments, equal to not more than one-half of 1 per centum of the amount lent by the Association to such borrower under section 304".

(c) Section 303(c) of such Act is amended by striking out the first sentence and by inserting in lieu thereof the following: "The Association shall issue from time to time, to each mortgage seller or borrower, its common stock (only in denominations of \$100 or multiples thereof) evidencing any capital contributions (adjusted by reason of any payments into surplus required by the Association) made by such seller or borrower pursuant to subsection (b) of this section."

(d) Section 304(a) of such Act is amended by inserting "(1)" before "To carry out", and by adding at the end thereof the following new paragraph:

"(2) In the further interest of assuring sound operation, any loan made by the Association in its secondary market operations under this section, and any extension or renewal thereof, shall not exceed 80 per centum of the unpaid principal balances of the mortgages securing the loan, and shall bear interest at a rate consistent with general loan policies established from time to time by the Association's board of directors. Any such loan shall mature in not more than twelve months and the term of any extension or renewal shall not exceed twelve months. The volume of the Association's lending activities and the establishment of its loan ratios, interest rates, maturities, and charges or fees, in its secondary market operations under this section, should be determined by the Association from time to time; and such determinations, in conjunction with determinations made under paragraph (1), should be consistent with the objectives that the lending activities should be conducted on such terms as will reasonably prevent excessive use of the Association's facilities, and that the operations of the Association

under this section should be within its income derived from such operations and that such operations should be fully self-supporting. Notwithstanding any Federal, State, or other law to the contrary, the Association is hereby empowered, in connection with any loan under this section, whether before or after any default, to provide by contract with the borrower for the settlement or extinguishment, upon default, of any redemption, equitable, legal, or other right, title, or interest of the borrower in any mortgage or mortgages that constitute the security for the loan; and with respect to any such loan, in the event of default and pursuant otherwise to the terms of the contract, the mortgages that constitute such security shall become the absolute property of the Association."

(e) Section 304(b), section 309(c) and section 310 of such Act are each amended by inserting "or other security holdings" after "mortgages".

FHA insurance programs

Limitations on Insurance Authorizations

SEC. 604. (a) Section 2(a) of the National Housing Act is amended by striking out in the first sentence "1961" and inserting in lieu thereof "1965".

(b) Section 203(a) of such Act is amended by striking out the colon and all that follows the colon and inserting in lieu thereof a period.

(c) Section 217 of such Act is amended—
(1) by striking out "all mortgages which may be insured" and inserting in lieu thereof "all mortgages and loans which may be insured";

(2) by striking out "shall not exceed" and the remainder of the first paragraph and inserting in lieu thereof the following: "after October 1, 1965, shall not exceed the sum of (1) the outstanding principal balances as of that date of all insured mortgages and loans (as estimated by the Commissioner based on scheduled amortization payments without taking into consideration prepayments or delinquencies), and (2) the principal amount of all outstanding commitments to insure on that date.";

(3) by inserting "after October 1, 1965" before the period at the end of the first sentence in the third paragraph; and

(4) by striking out "hereafter" in the second sentence of the third paragraph and inserting in lieu thereof "after that date".

(d) Section 803(a) of such Act is amended by striking out "1961" and inserting in lieu thereof "1962".

Section 203 Residential Housing Insurance

SEC. 605. (a) Section 203(b) (2) of such Act is amended—

(1) by striking out "\$13,500" each place it appears and inserting in lieu thereof "\$15,000";

(2) by striking out "\$18,000" each place "or \$35,000" and inserting in lieu thereof "\$20,000"; and

(3) by striking out "70 per centum" and inserting in lieu thereof "75 per centum".

(b) Section 203(b) (2) of such Act is amended by striking out all that precedes "or \$35,000" and inserting in lieu thereof the following:

"(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$27,500 in the case of property upon which there is located a dwelling designed principally for a one-, two-, or three-family residence (whether or not such residence may be intended to be rented temporarily for school purposes);"

(c) Section 203(b) (3) of such Act is amended by striking out "thirty years" and inserting in lieu thereof "forty years".

Authority To Reduce Premium Charges

SEC. 606. The first sentence of section 203 (c) of the National Housing Act is amended

to read as follows: "The Commissioner is authorized to fix premium charges for the insurance of mortgages under the separate sections of this title but in the case of any mortgage such charge shall be not less than an amount equivalent to one-fourth of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments: *Provided*, That any reduced premium charge so fixed and computed may, in the discretion of the Commissioner, also be made applicable in such manner as the Commissioner shall prescribe to each insured mortgage outstanding under the section or sections involved at the time the reduced premium charge is fixed."

Section 207 Rental Housing Insurance

SEC. 607. Section 207 of the National Housing Act is amended by—

(1) striking out the first paragraph of subsection (b) (2) and inserting in lieu thereof the following:

"(2) any other mortgagor approved by the Commissioner which, until the termination of all obligations of the Commissioner under the insurance and during such further period of time as the Commissioner shall be the owner, holder, or reinsurer of the mortgage, is regulated or restricted by the Commissioner as to rents or sales, charges, capital structure, rate of return, and methods of operation to such extent and in such manner as to provide reasonable rentals to tenants and a reasonable return on the investment. The Commissioner may make such contracts with and acquire, for not to exceed \$100, such stock or interest in the mortgagor as he may deem necessary to render effective the regulations or restrictions. The stock or interest acquired by the Commissioner shall be paid for out of the Housing Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance."

(2) inserting in subsection (c) (3) after the words "attributable to dwelling use" the following: "(excluding exterior land improvements as defined by the Commissioner)";

(3) striking out "\$1,500 per space" in subsection (c) (3) and inserting in lieu thereof "\$1,800 per space"; and

(4) inserting in the first sentence of subsection (1) after the words "of this section" the following: ", except that debentures issued pursuant to the provisions of section 220(f), 221(g), and section 233 may be dated as of the date the mortgage is assigned (or the property is conveyed) to the Commissioner".

Section 213 Cooperative Housing Insurance

SEC. 608. (a) Section 213 of the National Housing Act is amended by—

(1) inserting in paragraph (2) of subsection (b) after the words "as may be attributable to dwelling use" the following: "(excluding exterior land improvements as defined by the Commissioner)";

(2) striking out "eight or more family units" in subsection (d) and inserting in lieu thereof "five or more family units"; and

(3) striking out in subsection (h) "such mortgagor shall not thereafter be eligible by reason of such paragraph (3) for insurance of any additional mortgage loans pursuant to this section" and inserting in lieu thereof the following: "the Commissioner is authorized to refuse, for such period of time as he shall deem appropriate under the circumstances, to insure under this section any additional investor-sponsor type mortgage loans made to such mortgagor or to any other investor-sponsor mortgagor where, in the determination of the Commissioner, any of its stockholders were identified with such mortgagor".

(b) Section 213(b)(2) of such Act is amended by adding at the end thereof the following new sentence: "In determining the economic feasibility of a project in the case of a mortgagor of the character described in paragraph (3) of subsection (a), the sole test of such feasibility shall be the availability of people in the community who need the housing to be provided by the project and who can afford such housing at the monthly charges applicable under its continued use as a cooperative."

(c) Section 213 of such Act is further amended by adding at the end thereof the following new subsection:

"(j)(1) With respect to any property covered by a mortgage insured under this section, the Commissioner is authorized, upon such terms and conditions as he may prescribe, to make commitments to insure and to insure supplementary cooperative loans (including advances during construction or improvement) made by financial institutions approved by the Commissioner. As used in this subsection, 'supplementary cooperative loan' means a loan, advance of credit, or purchase of an obligation representing a loan or advance of credit made for the purpose of financing any of the following:

"(A) Improvements or repairs of the property covered by such mortgage; or

"(B) Community facilities necessary to serve the occupants of the property.

"(2) To be eligible for insurance under this subsection, a supplementary cooperative loan shall—

"(A) be limited to an amount which, when added to the outstanding mortgage indebtedness on the property, creates a total outstanding indebtedness which does not exceed the original principal obligation of the mortgage;

"(B) have a maturity satisfactory to the Commissioner but not to exceed the remaining term of the mortgage;

"(C) be secured in such manner as the Commissioner may require;

"(D) contain such other terms, conditions, and restrictions as the Commissioner may prescribe; and

"(E) represent the obligation of a borrower of the character described in paragraph (1) of subsection (a)."

(d) Section 305(e) of such Act is amended by adding at the end thereof the following new sentences: "Whenever the Federal Housing Commissioner shall have issued pursuant to section 213 a statement of feasibility on a project including an estimate as to the maximum amount of the mortgage involved, and an application for mortgage insurance under such section is thereafter filed with the Commissioner with respect to such project, the Association is authorized to enter into a commitment contract to reserve funds for the purchase of such mortgage; and such reservation shall be for such period as may be certified by the Commissioner as being necessary, taking into account the estimated time required to issue a commitment for mortgage insurance. The Association, at the time the Commissioner issues a commitment to insure such mortgage, may impose a charge equal to one-half of the fee which would be payable to it under the last sentence of subsection (b) of this section at the time of the issuance of its advance commitment to purchase the mortgage, with the amount of such charge being credited toward such fee if and when the advance commitment is later issued by the Association."

Section 220 Sales Housing Mortgage Insurance

SEC. 609. (a) Section 220(d)(3)(A)(i) of the National Housing Act is amended—

(1) by striking out "\$13,500" each place it appears and inserting in lieu thereof "\$15,000";

(2) by striking out "\$18,000" each place it appears and inserting in lieu thereof "\$20,000"; and

(3) by striking out "70 per centum" and inserting in lieu thereof "75 per centum".

(b) Section 220(d)(3)(A) of such Act is further amended by striking out all that precedes "or \$35,000" and inserting in lieu thereof the following:

"(A)(i) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$27,500 in the case of property upon which there is located a dwelling designed principally for a one-, two-, or three-family residence;"

Nursing homes

SEC. 610. Section 232(d)(2) of the National Housing Act is amended by striking out the words following the comma and inserting in lieu thereof the following: "and not to exceed 90 per centum of the estimated value of the property or project when the proposed improvements are completed."

Housing for defense-impacted areas

SEC. 611. (a) Section 810(1) of the National Housing Act is repealed.

(b)(1) Section 305 of such Act is amended by adding at the end thereof (after the new subsection added by section 102(c) of this Act) the following new subsection:

"(j) Notwithstanding any other provision of this Act, the Association is authorized to make commitments to purchase, and to purchase, service, or sell, any mortgage or participation therein which is insured under section 810; but the total amount of purchases and commitments authorized by this subsection shall not exceed \$25,000,000 outstanding at any one time."

(2) Section 305(f) of such Act is amended by striking out "title VIII of this Act" and inserting in lieu thereof "section 803 or 809 of this Act".

(c) Section 406(a) of the Act of August 30, 1957 (71 Stat. 556), is amended by striking out "and no certificates with respect to any family housing units shall be issued by the Secretary of Defense or his designee under section 810 of the National Housing Act, as amended."

Miscellaneous and FHA amendments

SEC. 612. (a) Section 203 of the National Housing Act is amended by—

(1) striking out in subsection (b)(3) the words "insurance of the mortgage" and inserting in lieu thereof "beginning of amortization of the mortgage", and

(2) striking out in the first proviso of the second sentence of subsection (c) the words "particular insurance fund" and inserting in lieu thereof "particular insurance fund or account".

(b) The second sentence of section 204(d) of such Act is amended by inserting after "mortgagee after default," the following: "except that debentures issued pursuant to the provisions of section 220(f), section 221(g), and section 233 may be dated as of the date the mortgage is assigned (or the property is conveyed) to the Commissioner."

(c) The last sentence of section 204(g) of such Act is amended to read as follows: "The power to convey and to execute in the name of the Commissioner deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein heretofore or hereafter acquired by the Commissioner pursuant to the provisions of this Act, may be exercised by the Commissioner or by any Assistant Commissioner appointed by him, without the execution of any express delegation of power or power of attorney: *Provided*, That nothing in this subsection shall be construed to prevent the Commissioner

from delegating such power by order or by power of attorney, in his discretion, to any officer, agent, or employee he may appoint: *And provided further*, That a conveyance or transfer of title to real or personal property or an interest therein to the Federal Housing Commissioner, his successors and assigns, without identifying the Commissioner therein, shall be deemed a proper conveyance or transfer to the same extent and of like effect as if the Commissioner were personally named in such conveyance or transfer."

(d) Section 209 of such Act is amended by striking out in the second sentence "shall be charged as a general expense of the Fund, the Housing Fund, and the Defense Housing Insurance Fund in such proportion as the Commissioner shall determine" and inserting in lieu thereof "shall be charged as a general expense of such insurance fund or funds, or account or accounts, as the Commissioner shall determine".

(e) Section 212 of such Act is amended by—

(1) striking out in the second sentence of subsection (a) "any mortgage under section 220" and inserting in lieu thereof "any loan or mortgage under section 220 or section 233"; and

(2) striking out in the third sentence of subsection (a) "in subsection (d)(4)" and inserting in lieu thereof "in subsection (d)(3) in the case of a cooperative or a limited profit mortgagor, or in subsection (d)(4)".

(f) Section 219 of such Act is amended to read as follows:

"SEC. 219. Notwithstanding any limitations contained in other sections of this Act as to the use of moneys credited to the Title I Insurance Account, the Title I Housing Insurance Fund, the Section 203 Home Improvement Account, the Housing Insurance Fund, the War Housing Insurance Fund, the Housing Investment Insurance Fund, the Armed Services Housing Mortgage Insurance Fund, the National Defense Housing Insurance Fund, the Section 220 Housing Insurance Fund, the Section 220 Home Improvement Account, the Section 221 Housing Insurance Fund, the Experimental Housing Insurance Fund, the Apartment Unit Insurance Fund, or the Servicemen's Mortgage Insurance Fund, the Commissioner is hereby authorized to transfer funds from any one or more of such insurance funds or accounts to any other such fund or account in such amounts and at such times as the Commissioner may determine, taking into consideration the requirements of such funds or accounts, separately and jointly to carry out effectively the insurance programs for which such funds or accounts were established."

(g) Section 220(f) of such Act is amended by—

(1) striking out "or" at the end of paragraph (1),

(2) striking out the period at the end of paragraph (2) and inserting in lieu thereof ";or", and

(3) adding at the end thereof the following:

"(3) as to mortgages meeting the requirements of this section that are insured or initially endorsed for insurance on or after the date of enactment of the Housing Act of 1961, notwithstanding the provisions of paragraphs (1) and (2) of this subsection, the Commissioner in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such paragraphs in cash or in debentures (as provided in the mortgage insurance contract), or may acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan

plus any accrued interest and any advances approved by the Commissioner and made previously by the mortgagee under the provisions of the mortgage. After the acquisition of the mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan. The appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this paragraph, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages so acquired (A) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 220 Housing Insurance Fund, (B) all references in section 204 to section 203 shall be construed to refer to this section, and (C) all references in section 207 to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Section 220 Housing Insurance Fund."

(h)(1) Section 223(a) of such Act is amended by striking out "213, or 222" each place it appears and inserting in lieu thereof "213, 220, 221, 222, 231, 232, or 233".

(2) Section 223(a)(7) of such Act is amended—

(A) by striking out "section 903 or section 908 of title IX" and inserting in lieu thereof "section 220, 221, 903, or 908"; and

(B) by striking out "insured under section 608 or 908".

(3) Section 223 of such Act is further amended by adding at the end thereof the following new subsection:

"(d) With respect to any mortgage, other than a mortgage covering a one- to four-family structure, heretofore or hereafter insured by the Commissioner, and notwithstanding any other provision of this Act, when the taxes, interest on the mortgage debt, mortgage insurance premiums, hazard insurance premiums, and the expense of maintenance and operation of the project covered by such mortgage during the first two years following the date of completion of the project, as determined by the Commissioner, exceed the project income, the Commissioner may, in his discretion and upon such terms and conditions as he may prescribe, permit the excess of the foregoing expenses over the project income to be added to the amount of such mortgage, and extend the coverage of the mortgage insurance thereto, and such additional amount shall be deemed to be part of the original face amount of the mortgage."

(i) The first sentence of section 224 of such Act is amended to read as follows: "Notwithstanding any other provisions of this Act, debentures issued under any section of this Act with respect to a loan or mortgage accepted for insurance on or after thirty days following the effective date of the Housing Act of 1954 (except debentures issued pursuant to paragraph (4) of section 221(g)) shall bear interest at the rate in effect on the date the commitment to insure the loan or mortgage was issued, or the date the loan or mortgage was endorsed for insurance, or (when there are two or more insurance endorsements) the date the loan or mortgage was initially endorsed for insurance, whichever rate is the highest, except that debentures issued pursuant to section 220(f), section 220(h)(7), section 221(g), or section 233 may, at the discretion of the Commissioner, bear interest at the rate in effect on the date they are issued."

(j) Section 226 of such Act is amended by—

(1) striking out in the first sentence "222, or" and inserting in lieu thereof "222, 233, 234, or"; and

(2) striking out in the third sentence the words "that a written statement setting forth such estimate" and inserting in lieu thereof the following: "or on the basis of any other estimates of the Commissioner, that a written statement setting forth such estimate or estimates, as the case may be,".

(k) Section 227 of such Act is amended by—

(1) striking out in subsection (a) "or (vi) under section 810 if the mortgage meets the requirements of subsection (f)" and inserting in lieu thereof "(vi) under section 233 if the mortgage meets the requirements of subsection (b)(2), or (vii) under section 810 if the mortgage meets the requirements of subsection (f)";

(2) striking out in subsection (b) the word "value" and inserting in lieu thereof "value, cost,"; and

(3) striking out in the second and third sentences of subsection (c) "section 221 if the mortgage meets the requirements of paragraph (4) of subsection (d) thereof, or section 231," and inserting in lieu thereof "section 221(d)(3), section 221(d)(4), section 231, or section 233(b)(2),".

(l) Section 229 of such Act is amended to read as follows:

"VOLUNTARY TERMINATION OF INSURANCE"

"SEC. 229. Notwithstanding any other provision of this Act and with respect to any loan or mortgage heretofore or hereafter insured under this Act, except under section 2, the Commissioner is authorized to terminate any insurance contract upon request by the borrower or mortgagor and the financial institution or mortgagee and upon payment of such termination charge as the Commissioner determines to be equitable, taking into consideration the necessity of protecting the various insurance Funds and Accounts. Upon such termination, borrowers and mortgagors and financial institutions and mortgagees shall be entitled to the rights, if any, to which they would be entitled under this Act if the insurance contract were terminated by payment in full of the insured loan or mortgage."

(m) Section 231(c)(2) of such Act is amended to read as follows:

"(2) not exceed, for such part of such property or project as may be attributable to dwelling use (excluding exterior and land improvements as defined by the Commissioner), \$2,250 per room (or \$9,000 per family unit if the number of rooms in such property or project is less than four per family unit): *Provided*, That as to projects to consist of elevator type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,750 per room and the dollar amount limitation of \$9,000 per family unit to not to exceed \$9,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,250 per room, without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require;".

TITLE VII—OPEN SPACE AND LAND DEVELOPMENT

Part 1—Permanent open land Findings and Purpose

SEC. 701. (a) The Congress finds that a combination of economic, social, governmental, and technological forces have caused a rapid expansion of the Nation's

urban areas, which has created critical problems of service and finance for all levels of government and which, combined with a rapid population growth in such areas, threatens severe problems of urban and suburban living, including the loss of valuable open-space land in such areas, for the preponderant majority of the Nation's present and future population.

(b) It is the purpose of this part to help curb urban sprawl and prevent the spread of urban blight and deterioration, to encourage more economic and desirable urban development, and to help provide necessary recreational, conservation, and scenic areas by assisting State and local governments in taking prompt action to preserve open-space land which is essential to the proper long-range development and welfare of the Nation's urban areas, in accordance with plans for the allocation of such land for open-space purposes.

Federal Grants

SEC. 702. (a) In order to encourage and assist in the timely acquisition of land to be used as permanent open-space land, as defined herein, the Housing and Home Finance Administrator (hereinafter referred to as the "Administrator") is authorized to make grants to State and local public bodies acceptable to the Administrator as capable of carrying out the provisions of this part to help finance the acquisition of title to, or other permanent interests in, such land. The amount of any such grant shall not exceed 20 per centum of the total cost, as approved by the Administrator, of acquiring such interests: *Provided*, That this limitation may be increased to not to exceed 30 per centum in the case of a grant extended to a public body which (1) exercises responsibilities consistent with the purposes of this part for an urban area as a whole, or (2) exercises or participates in the exercise of such responsibilities for all or a substantial portion of an urban area pursuant to an interstate or other intergovernmental compact or agreement.

(b) The Administrator may make grants under this part aggregating not to exceed \$100,000,000. There are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments as well as to carry out all other purposes of this part.

(c) No grants under this part shall be used to defray development costs or ordinary State or local governmental expenses, or to help finance the acquisition by a public body of land located outside the urban area for which it exercises (or participates in the exercise of) responsibilities consistent with the purpose of this part.

(d) The Administrator may set such further terms and conditions for assistance under this part as he determines to be desirable.

(e) The Administrator shall consult with the Secretary of the Interior on the general policies to be followed in reviewing applications for grants. To assist the Administrator in such review, the Secretary of the Interior shall furnish him appropriate information on the status of recreational planning for the areas to be served by the open-space land acquired with the grants. The Administrator shall provide current information to the Secretary from time to time on significant program developments.

Planning Requirements

SEC. 703. (a) The Administrator shall make grants for the acquisition of land under this part only if he finds that (1) the proposed use of the land for permanent open space is important to the execution of a comprehensive plan for the urban area meeting criteria he has established for such plans, and (2) a program of comprehensive planning (as defined in section 701(d) of the

Housing Act of 1954) is being actively carried on for the urban area.

(b) In extending financial assistance under this part, the Administrator shall take such action as he deems appropriate to assure that local governing bodies are preserving a maximum of open-space land, with a minimum of cost, through the use of existing public land; the use of special tax, zoning, and subdivision provisions; and the continuation of appropriate private use of open-space land through acquisition and leaseback, the acquisition of restrictive easements, and other available means.

Conversions to Other Uses

SEC. 704. No open-space land for which a grant has been made under this part shall, without the approval of the Administrator, be converted to uses other than those originally approved by him. The Administrator shall approve no conversion of land from open-space use unless he finds that such conversion is essential to the orderly development and growth of the urban area involved and is in accord with the then applicable comprehensive plan, meeting criteria established by him. The Administrator shall approve any such conversion only upon such conditions as he deems necessary to assure the substitution of other open-space land of at least equal fair market value and of as nearly as feasible equivalent usefulness and location.

Technical Assistance, Studies, and Publication of Information

SEC. 705. In order to carry out the purpose of this part the Administrator is authorized to provide technical assistance to State and local public bodies and to undertake such studies and publish such information, either directly or by contract, as he shall determine to be desirable. There are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such amounts as may be necessary to provide for such assistance, studies, and publication. Nothing contained in this section shall limit any authority of the Administrator under any other provision of law.

Definitions

SEC. 706. As used in this part—

(1) The term "open-space land" means any undeveloped or predominantly undeveloped land, including agricultural land, in an urban area, which has (A) economic and social value as a means of shaping the character, direction, and timing of community development; (B) recreation value; (C) conservation value in protecting natural resources; or (D) historic, scenic, scientific, or esthetic value.

(2) The term "urban area" means any area which is urban in character, including those surrounding areas which, in the judgment of the Administrator, from an economic and socially related region, taking into consideration such factors as present and future population trends and patterns of urban growth, location of transportation facilities and systems, and distribution of industrial, commercial, residential, governmental, institutional, and other activities.

(3) The term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam.

Part 2—FHA insurance for site preparation and development

Land Development Insurance

SEC. 710. The National Housing Act is amended by adding at the end thereof the following new title:

"TITLE X—LAND DEVELOPMENT INSURANCE

"SEC. 1001. As used in this title—

"(1) the term 'mortgage' means a lien on real estate in fee simple, or on the interest of either the lessor or lessee thereof (A) un-

der a lease for not less than ninety-nine years which is renewable, or (B) under a lease having a period of not less than fifty years to run from the date the mortgage was executed; and the term 'first mortgage' includes such classes of first liens as are commonly given to secure advances (including but not being limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and may be in the form of trust mortgages or mortgage indentures or deeds of trust securing notes, bonds, or other credit instruments;

"(2) the terms 'mortgagee', 'mortgagor', and 'State' shall have the same meaning as when used in section 207 of this Act;

"(3) the term 'improvements' means water lines and water supply installations, sewer lines and sewer disposal installations, utilities, pavements, curbs, gutters, and other installations or work, whether on or off the site, (A) which are necessary or desirable to convert raw land in an urban or suburban community into building sites primarily for the construction of structures designed for residential use, and (B) which are in keeping with applicable governmental requirements and with standards not lower than those reflected in general practice in the community; and

"(4) the term 'development' means the process of making and installing improvements.

"SEC. 1002. (a) The Commissioner is authorized upon application by the mortgagee to insure under this title as hereinafter provided any first mortgage (including advances during construction) which is eligible for insurance as hereinafter provided and, upon such terms and conditions as he may prescribe, to make commitments for the insurance thereof prior to the date of insurance; but no mortgage shall be insured under this title after July 1, 1963, except pursuant to a commitment to insure issued before such date.

"(b) To be eligible for mortgage insurance under this title a mortgage shall—

"(1) cover the land and improvements unless they are in public ownership or are excepted or released from the lien of the mortgage with the approval of the Commissioner;

"(2) involve an original principal obligation in an amount not to exceed \$2,500,000 and not to exceed 75 per centum of the estimated value of the security covered thereby as of the completion of the development to be financed with the proceeds of the mortgage; but in no event shall any such mortgage exceed 75 per centum of the estimated value of the land as of the date of commitment plus 75 per centum of the estimated cost of development thereof;

"(3) have a maturity satisfactory to the Commissioner but not to exceed five years;

"(4) contain repayment provisions satisfactory to the Commissioner and bear interest (exclusive of premium charges for mortgage insurance) at a rate satisfactory to the Commissioner, but not to exceed 6 per centum per annum, on the amount of the principal obligation outstanding at any time;

"(5) contain such other conditions as the Commissioner may prescribe with respect to protection of the security, payment of taxes, delinquency charges, prepayment, additional and secondary liens, release of a portion or portions of the mortgaged property from the lien of the mortgage, and other matters as the Commissioner may in his discretion prescribe; and

"(6) be executed by, and cover property held by, a mortgagor approved by the Commissioner and have been made to and be held by a mortgagee approved by the Commissioner.

"(c) No mortgage shall be accepted for insurance under this title unless the Commissioner finds that—

"(1) it will aid in the development of land owned by or to be acquired by the mortgagor, and the development of such land is economically sound;

"(2) the assistance provided by this title is needed to meet the housing and related needs of moderate income families; and

"(3) the mortgagor will develop the land under a schedule reasonably assuring the timely completion of all desirable neighborhood facilities and either will construct upon the land, within a reasonable period after its development, structures primarily for residential use by moderate income families, or will make the developed land available to other persons for such purpose; and the Commissioner shall require the mortgagor to enter into such agreements or covenants as the Commissioner in his discretion may deem appropriate to assure that such construction will take place within such period.

"(d) The mortgage may include a provision permitting the mortgagee to make advances subsequent to full disbursement of the original principal: *Provided*, That the total amount of such advances outstanding at any one time shall not exceed the face amount of the mortgage.

"(e) The Commissioner shall collect a premium charge for the insurance of mortgages under this title, but in the case of any mortgage such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. Such charge shall be payable by the mortgagee, either in cash or in debentures of the Land Development Insurance Fund issued by the Commissioner under this title at par plus accrued interest. In addition to the premium charge herein provided for, the Commissioner is authorized to charge and collect such amounts as he may deem reasonable for the appraisal of the property offered for insurance and for the inspection of such property and the development thereof during construction, but such charges for appraisal and inspection shall not aggregate more than 1 per centum of the original principal face amount of the mortgage.

"(f) The provisions of subsections (e), (g), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 of this Act shall be applicable to mortgages insured under this title, except that as applied to such mortgages (1) all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Land Development Insurance Fund, and (2) all references therein to section 207 or 210 shall be construed to refer to this section.

"(g) There is hereby created a Land Development Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this title. The Commissioner is hereby authorized and directed to transfer immediately to such fund the sum of \$10,000,000 from the War Housing Insurance Fund created by section 602 of this Act, which sum shall be reimbursed to the War Housing Insurance Fund from appraisal and inspection fees and charges hereafter collected under this title. General expenses of operation of the Federal Housing Administration under this title may be charged to the Land Development Insurance Fund.

"SEC. 1003. Any contract of insurance executed by the Commissioner under this title with respect to a mortgage shall be conclusive evidence of the eligibility of such mortgage for insurance, and the validity of any contract of insurance so executed shall be

incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgagee.

"SEC. 1004. Nothing in this title shall be construed to exempt any real property acquired and held by the Commissioner under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

"SEC. 1005. The Commissioner is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title.

"SEC. 1006. Notwithstanding any other provision of this Act, no mortgage shall be finally endorsed for insurance under this title nor shall any advance thereon during construction be insured under this title unless the mortgagor has executed an agreement in form and content satisfactory to the Commissioner that he will certify to the Commissioner (and shall submit such records and data in support of such certification as the Commissioner shall prescribe) the actual cost of the development of the land (being the cost of constructing the on-site and off-site improvements reasonable and necessary for such development, including amounts paid for labor, materials, construction contracts, organizational and legal expenses, professional fees, a reasonable allowance for builders' profit if the mortgagor is also the builder as defined by the Commissioner, and other items of expense approved by the Commissioner). Notwithstanding any other provisions of this title (1) no mortgage shall be finally endorsed for insurance if the principal amount thereof exceeds 75 per centum of the Commissioner's estimate of the value of the land when the proposed development is completed and (2) no advance on such mortgage shall be insured if such advance, when added to previous insured advances, exceeds 75 per centum of the Commissioner's estimate of the value of the land as of the date of commitment plus 75 per centum of the cost of such development to the date of such disbursement as shown by the mortgagor's certificate; but in no event shall more than 90 per centum of the principal obligation of the loan be disbursed prior to the completion of the development contemplated by the Commissioner's commitment. The mortgagor shall also agree that, in the event the final amount of the mortgage or the amount of any advance exceeds the amount permitted under clause (1) or (2) (as the case may be) of the preceding sentence, he will reduce the mortgage or the insured advance by the amount of the excess."

Conforming amendments

SEC. 711. (a) Section 219 of the National Housing Act (as amended by section 612(f) of this Act) is amended by inserting after "the Section 221 Housing Insurance Fund," the following: "the Land Development Insurance Fund,".

(b) Section 215 of such Act is amended by striking out "or title IX" and inserting in lieu thereof "title IX, or title X".

(c) The first paragraph of section 24 of the Federal Reserve Act is amended by inserting before the last sentence the following new sentence: "Notwithstanding the limitations and restrictions in this section, any national banking association may make loans for site preparation and development which are secured by mortgages insured under title X of the National Housing Act."

TITLE VIII—FARM HOUSING

SEC. 801. (a) Section 502(b)(1) of the Housing Act of 1949 is amended by striking out "and such additional security" and inserting in lieu thereof the words "or such other security".

(b) Sections 511, 512, and 513 of such Act are each amended by striking out "1961" and inserting in lieu thereof "1965".

SEC. 802. The second sentence of section 511 of the Housing Act of 1949 is amended by striking out "\$450,000,000" and inserting in lieu thereof "\$650,000,000".

SEC. 803. (a) Section 501(a) of the Housing Act of 1949 is amended by inserting "(1)" before "to owners of farms", and by inserting before the period at the end thereof the following: ", and (2) to owners of other real estate in rural areas to enable them to provide dwellings and related facilities for their own use and buildings adequate for their farming operations".

(b) Section 501(c) of such Act is amended by inserting before the semicolon at the end of clause (1) the following: ", or that he is the owner of other real estate in a rural area without an adequate dwelling or related facilities for his own use or buildings adequate for his farming operations."

(c) Section 501 of such Act is further amended by adding at the end thereof the following new subsection:

"(d) As used in this title (except in sections 503 and 504(b)), the terms 'farm', 'farm dwelling', and 'farm housing' shall include dwellings or other essential buildings of eligible applicants."

SEC. 804. (a) Title V of the Housing Act of 1949 is further amended by adding at the end thereof the following new section:

"INSURANCE OF LOANS FOR THE PROVISION OF HOUSING AND RELATED FACILITIES FOR DOMESTIC FARM LABOR

"SEC. 514. (a) The Secretary is authorized to insure and make commitments to insure loans made by lenders other than the United States to the owner of any farm, any association of farmers, any State or political subdivision thereof, or any public or private nonprofit organization for the purpose of providing housing and related facilities for domestic farm labor in accordance with terms and conditions substantially identical with those specified in section 502; except that—

"(1) no such loan shall be insured in an amount in excess of the value of the farm involved less any prior liens in the case of a loan to an individual owner of a farm, or the total estimated value of the structures and facilities with respect to which the loan is made in the case of any other loan;

"(2) no such loan shall be insured if it bears interest at a rate in excess of 5 per centum per annum;

"(3) out of interest payments by the borrower the Secretary shall retain a charge in an amount not less than one-half of 1 per centum per annum of the unpaid principal balance of the loan;

"(4) the insurance contracts and agreements with respect to any loan may contain provisions for servicing the loan by the Secretary or by the lender, and for the purchase by the Secretary of the loan if it is not in default, on such terms and conditions as the Secretary may prescribe; and

"(5) the Secretary may take mortgages creating a lien running to the United States for the benefit of the insurance fund referred to in subsection (b) notwithstanding the fact that the note may be held by the lender or his assignee.

"(b) The Secretary shall utilize the insurance fund created by section 11 of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1005a) and the provisions of section 13 (a), (b), and (c) of such Act (7 U.S.C. 1005c(a), (b), and (c)) to discharge obligations under insurance contracts made pursuant to this section, and

"(1) the Secretary may utilize the insurance fund to pay taxes, insurance, prior liens, and other expenses to protect the security for loans which have been insured hereunder and to acquire such security property at foreclosure sale or otherwise;

"(2) the notes and security therefore acquired by the Secretary under insurance contracts made pursuant to this section shall become a part of the insurance fund. Loans insured under this section may be held in the fund and collected in accordance with their terms or may be sold and reinsured. All proceeds from such collections, including the liquidation of security and the proceeds of sales, shall become a part of the insurance fund; and

"(3) of the charges retained by the Secretary out of interest payments by the borrower, amounts not less than one-half of 1 per centum per annum of the unpaid principal balance of the loan shall be deposited in and become a part of the insurance fund. The remainder of such charges shall be deposited in the Treasury of the United States and shall be available for administrative expenses of the Farmers Home Administration, to be transferred annually to and become merged with any appropriation for such expenses.

"(c) Any contract of insurance executed by the Secretary under this section shall be an obligation of the United States and incontestable except for fraud or misrepresentation of which the holder of the contract has actual knowledge.

"(d) The aggregate amount of the principal obligations of the loans insured under this section shall not exceed \$25,000,000 in any one fiscal year.

"(e) Amounts made available pursuant to section 513 of this Act shall be available for administrative expenses incurred under this section.

"(f) As used in this section—

"(1) the term 'housing' means (A) new structures suitable for dwelling use by domestic farm labor, and (B) existing structures which can be made suitable for dwelling use by domestic farm labor by rehabilitation, alteration, conversion, or improvement; and

"(2) the term 'related facilities' means (A) new structures suitable for use as dining halls, community rooms or buildings, or infirmaries, or for other essential services facilities, and (B) existing structures which can be made suitable for the above uses by rehabilitation, alteration, conversion, or improvement; and

"(3) the term 'domestic farm labor' means citizens of the United States who receive a substantial portion (as determined by the Secretary) of their income as laborers on farms situated in the United States."

(b) Title V of such Act is further amended—

(1) by inserting in section 506(a) "and section 514," immediately after "501 to 504, inclusive," each place it appears; and

(2) by striking out "under this title" in section 507 and inserting in lieu thereof "under sections 501 to 504, inclusive".

(c) The first paragraph of section 24 of the Federal Reserve Act (12 U.S.C. 371) is amended by inserting after "the Act of August 28, 1937, as amended" the following: ", or title V of the Housing Act of 1949, as amended".

SEC. 805. (a) Section 506 of the Housing Act of 1949 is amended—

(1) by striking out the last sentence of subsection (a);

(2) by redesignating subsection (b) as subsection (e); and

(3) by inserting after subsection (a) the following new subsections:

"(b) The Secretary is further authorized to conduct research and technical studies including the development, demonstration, and promotion of construction of adequate farm dwellings and other buildings for the purpose of stimulating construction, improving the architectural design and utility of such dwellings and buildings, and utilizing new and native materials, economies in materials and construction methods, and

new methods of production, distribution, assembly, and construction, with a view to reducing the cost of farm dwellings and buildings and adapting and developing fixtures and appurtenances for more efficient and economical farm use.

"(c) The Secretary is further authorized to carry out a program of research, study, and analysis of farm housing in the United States to develop data and information on—

"(1) the adequacy of existing farm housing;

"(2) the nature and extent of current and prospective needs for farm housing, including needs for financing and for improved design, utility, and comfort, and the best methods of satisfying such needs;

"(3) problems faced by farmers and other persons eligible under section 501 in purchasing, constructing, improving, altering, repairing, and replacing farm housing;

"(4) the interrelation of farm housing problems and the problems of housing in urban and suburban areas; and

"(5) any other matters bearing upon the provision of adequate farm housing.

"(d) To the extent determined by him to be advisable, the Secretary may carry out the research and study programs authorized by subsections (b) and (c) through grants made by him on such terms, conditions, and standards as he may prescribe to land-grant colleges established pursuant to the Act of July 2, 1862 (7 U.S.C. 301-308) or through such other agencies as he may select."

(b) Section 513 of such Act is amended by striking out "and (c)" and inserting in lieu thereof the following: "(c) not to exceed \$250,000 per year for research and study programs pursuant to subsections (b), (c), and (d) of section 506 during the period beginning July 1, 1961, and ending June 30, 1965; and (d)".

TITLE IX—MISCELLANEOUS

Home Owners' Loan Act of 1933

SEC. 901. (a) Section 5(c) of the Home Owners' Loan Act of 1933 is amended by striking out "in loans insured under title I of the National Housing Act, as amended," in the first sentence of the second paragraph and inserting in lieu thereof "in loans insured under title I of the National Housing Act, in home improvement loans insured under title II of the National Housing Act,".

(b) Section 5(c) of such Act is further amended by adding at the end thereof the following new paragraph:

"Without regard to any other provision of this subsection except the area restriction and the \$35,000 limitation, any such association may invest an amount not exceeding at any one time 5 per centum of its assets in nonamortized loans which are made on the security of first liens upon homes or combinations of homes and business property and which (1) are repayable within a period of eighteen months, (2) provide that interest payments be made at least semiannually, and (3) do not exceed 80 per centum of the appraised value of the property involved. For the purposes of this paragraph the term 'first liens' includes the assignment of the whole of the beneficial interest in a trust having a corporate trustee whereunder real estate held in the trust can be subjected to the satisfaction of the obligation or obligations secured with the same priority as a first mortgage, a first deed of trust, or a first trust deed in the jurisdiction where the real estate is located."

(c) Section 5(c) of such Act is further amended by adding at the end thereof (after the paragraph added by subsection (b) of this section) the following new paragraph:

"Without regard to any other provision of this subsection except the area restriction, any such association is authorized to invest an amount not exceeding at any one time 5 per centum of its assets in amortized loans or participating interests therein which are secured by first liens upon improved real

estate used to provide housing facilities for the aging, subject to the following qualifications:

"(1) each such loan shall be repayable within a period of 30 years;

"(2) no such loan shall exceed 90 per centum of the appraised value of the improved real estate given as security therefor; and

"(3) each such loan—

"(A) shall be made upon and secured by real estate which is improved by housing accommodations, individual or multiple, designed for the purpose of providing accommodations for occupancy by aging persons, or of providing rest homes or nursing homes, so constructed or altered as to be suitable primarily for the occupancy of persons over fifty-five years of age and limited principally to the occupancy of such persons; and

"(B) shall be made for the implementation of the purpose described in clause (A)."

(d) Section 5(c) of such Act is further amended by adding at the end thereof (after the paragraph added by subsection (c) of this section) the following new paragraph:

"Without regard to any other provision of this subsection, any such association is authorized to invest not more than 5 per centum of its assets in certificates of beneficial interest issued by any urban renewal investment trust. For the purposes of this paragraph the term 'urban renewal investment trust' means an unincorporated trust established by written agreement between the authorized officers of two or more savings institutions the savings or share accounts of which are insured by an agency of the Federal Government, which agreement—

"(1) expressly limits the purposes of the trust and the investment powers of the trustees to the elimination or prevention of the spread of slums and blighted or deteriorated or deteriorating areas and the redevelopment, renewal, rehabilitation, or conservation of such areas by private enterprise through financing the purchase or rehabilitation of real property, or the construction of improvements thereon, designed or usable for industrial, commercial, or housing purposes within the confines of an urban renewal area (as defined in section 110 of the Housing Act of 1949);

"(2) expressly limits the beneficial ownership of the trust to savings and loan associations or banks the savings or share accounts of which are insured by an agency of the Federal Government;

"(3) provides that such beneficial ownership be evidenced by certificates of beneficial interest, which certificates shall have first claim at all times on the assets of the trust without preference between the holders thereof, and shall be fully transferable and assignable between any such banks and savings and loan associations at all times; and

"(4) expressly provides that it shall be effective and binding between the parties thereto only upon being approved by the board.

Any association chartered under the provisions of this section may become a party to any urban renewal investment trust. The Federal Home Loan Bank Board shall prescribe such rules and regulations, not inconsistent with the provisions of this paragraph, as it may deem necessary for the proper establishment of urban renewal investment trusts, for the effective operation thereof, and the participation in such operations of eligible institutions either as parties, as trustees, or as the holders of certificates of beneficial interest."

Federal Reserve Act

SEC. 902. Section 24 of the Federal Reserve Act is amended by inserting at the end of the next to the last paragraph a new sentence as follows: "Home improvement loans which are insured under the provisions of section 203(k) or 220(h) of the National

Housing Act may be made without regard to the first lien requirements of this section."

Voluntary home mortgage credit program

SEC. 903. Section 610(a) of the Housing Act of 1954 is amended by striking out "1961" and inserting in lieu thereof "1956".

Disposal of Passyunk war housing project

SEC. 904. Section 802(a) of the Housing Act of 1959 is amended by striking out "five" in the first sentence and inserting in lieu thereof "seven".

Hospital construction

SEC. 905. (a) Section 605(b) of the Housing Act of 1956 is amended by striking out "1960" and inserting in lieu thereof "1962".

(b) Section 605(c) of such Act is amended by striking out "and June 30, 1961" and inserting in lieu thereof "June 30, 1961, and June 30, 1962".

Payment in lieu of taxes by Holyoke Housing Authority

SEC. 906. Notwithstanding the provisions of any other law or any contract or rule of law, the Public Housing Commissioner shall approve the payment in lieu of taxes, in the amount of \$9,933.47, made by the Holyoke Housing Authority to the city of Holyoke, Massachusetts, under section 10(h) of the United States Housing Act of 1937, for its fiscal year ended December 31, 1956.

Administrative

SEC. 907. Section 502 of the Housing Act of 1948 is amended by—

(1) striking out in subsection (c) (3) the first proviso, the colon thereafter, and the words "And provided further," and inserting in lieu thereof "Provided"; and

(2) adding at the end thereof the following subsection;

"(d) The Housing and Home Finance Administrator, the Federal Housing Commissioner, and the Public Housing Commissioner, respectively, may utilize funds made available to them for salaries and expenses for payment in advance for dues or fees for library memberships in organizations (or for membership of the individual librarians of the respective agencies in organizations which will not accept library membership) whose publications are available to members only, or to members at a price lower than to the general public, and for payment in advance for publications available only upon that basis or available at a reduced price on prepublication order."

Mr. FULTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take the floor because a man's name has been mentioned earlier in the debate for whom I have great respect. He is a good friend of mine. He has been the good mayor of the city of Los Angeles, Calif., Mr. Norris Poulson, a former Member of this House. I like Norris. I think he is a grand guy.

I believe Norris Poulson made a good fight for reelection as mayor against our friend, Sam Yorty, also a former Member of the House, in the last election, but Sam won. Out of over a million votes cast, Norris Poulson lost only by about a 10,000- to 20,000-vote margin which is a really close fight and a creditable showing for both candidates. I believe Norris Poulson has been a good mayor. I wrote to Norris and congratulated him on the good fight he made, and when he lost I felt that was the decision of the people of Los Angeles and we should all respect that decision.

I must say when we look into California politics from the Pennsylvania point of view, that, to say the least, they are peculiar. I understand Sam Yorty,

the Democratic candidate, or should I say the mayor candidate personally of Democratic persuasion, had backed for President not the present President, Mr. Jack Kennedy, a former Congressman here, but had backed another former Congressman here, Mr. Richard Nixon of California, the Republican Vice President. *Mirabile dictu.*

I would say that the Los Angeles mayor's election was quite a mixed situation and not between Democrats and Republicans, because it was mixed as to what the national position of the candidates was, as well as their local position.

For the terms he has served Norris Poulson has been a good mayor. As one of his former associates, I want him to know that we are proud of the graduates of this House and of his record. I believe he did an excellent job. I hope Norris will soon be in fine health and spirits, because during the campaign he had a throat infection and lost his voice and was unable to make campaign speeches. It is almost worse than death, as every one of us knows, to lose one's voice during a hard campaign, and this was a real disadvantage.

I hope the references to Norris Poulson in the discussions we have had on the floor today are remembered as commendable statements of him.

Mr. Chairman, I yield back the balance of my time.

Mr. O'NEILL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'NEILL: On page 106 line 6, after "not more than" strike out the word "five" and insert the word "seven" so as to read "not more than seven years."

Mr. O'NEILL. Mr. Chairman, this comes under the urban renewal part of the bill. I have already spoken to the chairman of the committee. It affects the city of Cambridge, the Universities of Harvard and MIT, and I believe one or two other cities in the United States.

Section 112 became effective on September 23, 1959. For much of the period since its enactment, the program was handicapped by a general policy of reducing commitments for Federal expenditures, efforts to stretch out available capital grant authorizations, and, more recently, lack of any capital grant authorization. This has resulted in inability, due to circumstances entirely beyond the control of any local public renewal agency, for many cases to reach authorization for loan or capital grant contract during this 2-year period. This means, of course, a loss of credit for expenditures made during a 2-year period as a result of circumstances over which neither the educational institutions nor the local public renewal agencies had any control.

Mr. RAINS. Mr. Chairman, we have had an opportunity to go over this amendment and, so far as I personally am concerned I can see no objection to it.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. RAINS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RAINS: Page 131, strike out lines 2 and 3 and insert the following:

"SEC. 611. (a) (1) Section 810(b) of the National Housing Act is amended (A) by striking out "the Secretary of Defense or his designee shall have certified to the Commissioner that", and (B) by striking out the last sentence.

(2) Section 810(d) of such Act is amended (A) by striking out "until advised by the Secretary of Defense or his designee" and inserting in lieu thereof "until he finds", and (B) by striking out "as evidenced by certification" and all that follows and inserting in lieu thereof a period.

(3) Section 810(1) of such Act is repealed.

Mr. RAINS. Mr. Chairman, this amendment is offered at the instance of the chairman and the members of the Armed Services Committee. The original intent of the section was to have the Secretary of Defense certify the need of this housing program near service bases. This would strike out any obligation on the part of the Secretary to participate and would leave it a straight FHA program of rental housing in those areas where specifically needed. It removes any action by the Secretary of Defense.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. WIDNALL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WIDNALL: Page 111, after line 6, insert the following:

"SEC. 315(a). Section 101(c) of the Housing Act of 1949 is amended by—

"(1) striking out 'unless (1)' and inserting in lieu thereof the following: 'unless (1) the locality with respect to which an application for assistance under this title is made has had in effect for at least one year prior to the filing of such application a minimum standards housing code related but not limited to health, sanitation, and occupancy requirements, which is deemed adequate by the Administrator and which he determines has been satisfactorily enforced, with regard for avoiding undue hardship, from the time of its adoption or for at least one year prior to the filing of such application, whichever is the lesser, (2), and

"(2) striking out 'and (2)' and inserting in lieu thereof 'and (3)'. "

On page 97, line 13, strike out "301" and insert "302".

(Mr. WIDNALL asked and was given permission to revise and extend his remarks.)

Mr. WIDNALL. Mr. Chairman, I was very pleased a few minutes ago to hear the gentleman from Indiana [Mr. MADSEN] refer to an ad that had been placed by the Caterpillar Tractor Co. which contained in it a very wise statement, and undoubtedly a true statement, in which it said that 30 million people will be living in slums unless something is done about it. They did not say that public housing was the answer. The answer is having and enforcing minimum standards housing codes within the various cities, because as it is today we are multiplying our slums faster than we are curing them, and I do not believe any amount of public housing will ever

cure the slums in this country unless we prevent future slums from being formed. We have to get at the bottom of it and prevent the decay and blight that has been taking place.

Mr. Chairman, my amendment is very simple. It would require cities applying for Federal urban renewal or public housing grants to have a minimum standard housing code on their statute books and a record of enforcement for at least a year prior to application.

Under present law, communities applying for Federal aid for these programs must submit a workable program setting out the means by which they expect to eliminate the spread of urban slums and blight. Yet a city can get Federal money for these high sounding goals even though they have not adopted any kind of housing code to prevent the spread of slums and blight. Enforcement of a housing code is the one thing which communities can do on their own to show they are as interested in getting rid of slums as they are in getting Federal financial assistance.

Mr. Chairman, I was shocked and amazed to see in the hearings before the House Housing Subcommittee the data supplied by the Housing Administrator on pages 156 and 158 of the hearings, showing public housing annual contributions contracts and urban renewal capital grants contracts which were signed with communities not having minimum standards housing codes. Why should communities be eligible for taxpayers' money for projects designed to combat slums, when they themselves do not even have the initiative to enact and enforce a housing code?

The data referred to show that between July 1, 1959, and March 31, 1961, annual contribution contracts were executed in 191 communities, and 102 of these had not adopted a housing code at the time the contracts were executed. These 102 communities represent over 50 percent of all public housing contracts executed in the time specified.

Between these same dates, July 1, 1959, and March 31, 1961, urban renewal loan and grant contracts were signed with 136 communities of which 16 did not have housing codes at the time the contracts were signed. Although the number of communities is small, the total amount of money involved in these planning advances, loans, and capital grants is approximately \$89 million.

Mr. Chairman, we could spend the entire Federal budget on urban renewal programs and public housing and not halt the spread of slums.

The distinguished chairman of the House Housing Subcommittee before the House Rules Committee hit the nail on the head when he said that "slum ownership is profitable." This amendment would make slums unprofitable.

Slums can proliferate even as the Federal projects are being constructed. What is needed is housing code enforcement at the local level to start reducing this inventory of slum housing. Preliminary 1960 census figures show a 40 percent reduction in substandard housing since 1950. This amendment requiring

communities to take the initiative before Federal funds are committed would accelerate this trend.

This amendment contains language which would permit a community to avoid undue hardship in enforcing a minimum standards housing code and still qualify for Federal assistance.

Mr. Chairman, we here in the House have been listening for the past 16 years to the pleas of those who want to do something about the slums. Let us make it clear once and for all time that if a community wants public housing or urban renewal capital grants, it must enforce a safety and sanitation housing code.

I urge the House and adopt this amendment which is, in every sense of the word, an anti-slum amendment.

I include in the RECORD as part of these remarks two editorials in support of this amendment, one from the Reading, Pa., Eagle of June 6, 1961. The editorial takes sharp issue with the other body for rejecting a similar amendment. Referring to the amendment as one "to discourage the perpetuity of slums," the editorial goes on to say:

It has long been the belief—and rightly so—that one of the main purposes of urban renewal and housing is to help get rid of substandard housing or slums.

It would be a sad and deplorable misuse of public housing and urban renewal loans and grants to encourage the growth of slums, so that they may be used as an excuse for more and more Government spending and Federal control.

The second editorial is from the Cedar Rapids, Iowa, Gazette:

[From the Reading (Pa.) Eagle, June 6, 1961]

WRONG SLUM SLANT

The Senate Banking and Currency Committee's rejection of an "antislum amendment" to the omnibus housing bill now before Congress has been labeled "tragic" by O. G. Powell, president of the National Association of Real Estate Boards.

He said the rejection "means that the American taxpayer will be required to pour untold billions of dollars into our communities for public housing and urban renewal, and slum landlords will be permitted to flourish and exact their profit."

Speaking at the recent convention of the Washington, D.C., real estate board in Bedford Springs, Pa., the NAREB president pointed out this will allow local city governments to permit the spread of slums on their own doorsteps and still be eligible for Federal urban renewal funds.

Disclosing that such an antislum amendment was recommended by NAREB in testimony last month before the Senate Housing Subcommittee, Mr. Powell expressed hope that the House of Representatives will react differently to such an amendment.

He emphasized that the proposed amendment would provide that no community would be eligible for public housing and urban renewal loans and grants until it had adopted a minimum standards housing code and was enforcing such a code.

"In other words," he said, "why should the Federal Government concern itself with helping a community solve a problem at its doorstep, if the community itself is not concerned enough to adopt a minimum standards housing code?"

He explained that NAREB was requesting that Congress put some teeth into a requirement that has been on statute books for 7 years—that a community have a workable program against the spread of slums

before it can qualify for urban renewal or public housing.

Mr. Powell quoted these words from a report by Dr. Robert C. Weaver, Administrator of the administration's Housing and Home Finance Agency.

"Between July 1, 1959, and March 31, 1961, the Federal Government executed binding contracts for public housing in 191 communities. One hundred and two of these communities did not have a minimum housing code when these contracts were executed."

Mr. Powell then said, "I contend that the Public Housing Administration's executing these contracts certainly violated the spirit of the law—but then the PHA was so anxious to get public housing going in these communities that it was willing to overlook such an antislum requirement."

"Also between these dates, loans and grant contracts for urban renewal were executed for 136 communities. Sixteen of these had not adopted minimum housing codes by the date these binding contracts were executed."

"According to the record submitted to Congress, one of these cities had executed contracts for five projects involving an expenditure of Federal grants of almost \$26 million. Yet it had not adopted a minimum standards housing code at the time those contracts were executed."

The NAREB spokesman noted from the report that one State, "a pivotal one in the last election," contained seven cities—none of which had minimum standards housing codes—which were permitted to execute binding contracts for more than \$13 million in urban renewal grants.

"Yet when the National Association of Real Estate Boards asked the Senate Banking and Currency Committee to make the adoption and enforcement of such a minimum standards housing code a prerequisite to public housing and urban renewal," he said, "the committee did not even give it serious consideration."

In conclusion, Mr. Powell issued this warning: "There is still a chance that the House of Representatives will react differently to such an amendment. If it does not, then I am afraid that slums will continue to grow in order that they may be used as the excuse for more and more Federal spending and Federal control."

We think the NAREB president has made some telling points for an amendment to discourage the perpetuity of slums.

It has long been the belief—and rightly so—that one of the main purposes of urban renewal and housing is to help get rid of substandard housing or slums.

It would be a sad and deplorable misuse of public housing and urban renewal loans and grants to encourage the growth of slums, so that they may be used as an excuse for more and more Government spending and Federal control.

[From the Cedar Rapids (Iowa) Gazette, May 31, 1961]

MINIMUM SAFEGUARD

The president of the National Association of Real Estate Boards is sharply critical of the Senate Banking and Currency Committee for rejecting an "antislum amendment" to the omnibus housing bill now before Congress, and the criticism strikes us as highly valid. The proposed amendment would have made adoption of a minimum-standard housing code a prerequisite to any city's participation in the public housing and urban renewal programs.

Leaders in many communities, including Cedar Rapids, have been proceeding on the assumption that such a housing code already is a legal prerequisite to participation in the urban renewal program. As a matter of fact, it probably is, and certainly it should be.

But the head of NAREB says 102 of 191 communities with which the Federal Government made binding contracts for public housing from July 1959 through March 1961 did not have such codes when the contracts were executed. He says the same was true of 16 of 136 communities which executed urban renewal contracts during the same period.

One of the obvious vulnerable spots of the Federal urban renewal program is the possibility that the available funds may be used for partisan political purposes to get votes in key areas. Surely a minimum safeguard against such abuse is firm assurance that a community that receives such funds already is making a reasonable effort to prevent further neglect of local housing.

Mr. RAINS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment was offered in the subcommittee and, I think, in the full committee, and was turned down. This is an ingenious method thought up—and I do not mean to be discourteous to my good friend from New Jersey—by those who would kill the urban renewal program. It would also add on a lot of red tape. It is an attempt to tell a city or small town to have a minimum property standard. Whose minimum property standard? They now have to have a workable program, which is set out by regulation, and the effort here is to add another restriction on top of what is already required. The people at the local level ought to have something to say about it. I do not understand exactly what you would do with a minimum property standards code. Over the years I remember, for instance in 1948, when I served on the housing committee headed by the then Congressman, Joe McCarthy, we traveled this country over, and our intent and purpose was to attempt to get a uniform housing code in America. The hearings cover 8 volumes; big, thick ones. We found out in the city of New Orleans, when the distinguished chairman of the Committee of the Whole was a member of the investigating committee, that you could not have the same kind of a code in New Orleans or Alabama that you would have in Vermont or Maine. It cannot be done. It is a matter that must be operated at the local level. This is an unworkable amendment.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from New Jersey.

Mr. WIDNALL. There is nothing in this provision that will require a uniform code throughout the United States. This is something that must be approved by the Administrator, just like he is required to approve a workable program at the present time. May I say this, all throughout this bill you are giving more and more authority and discretion to the Administrator because you have confidence in him and what he will do. Now, here is another case where he would have the power and the discretion, and if you have that same confidence in him, there is no reason why this could not be a very sound and workable arrangement.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from New York.

Mr. MULTER. I think the manner in which the distinguished gentleman from New Jersey has not answered the question on what is a minimum standard points to the fatal defect of the amendment. There is no definition as to what is a minimum standard, and nobody can ever find out unless it is defined in the law, and if you do that in law, then you are writing into this bill the impossible.

Mr. RAINS. In addition to that, I believe the distinguished gentleman had a great deal to do with putting into effect his program. Apparently his minimum standards would not be any different from what they are today. In other words, how much more would a minimum standard be than a workable program, and who would know?

Mr. WIDNALL. Do not the FHA and the VA set up minimum standards and minimum requirements? Are they not required to be met before commitments are made? This can be done in exactly the same way. Sanitation and health, heaven knows, we all ought to be for.

Mr. RAINS. We have it now under regulation. We have had it for a long time, and it has worked. Why should something else be done about it?

Mr. Chairman, I ask that the amendment be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. WIDNALL].

The question was taken; and on a division (demanded by Mr. WIDNALL) there were—ayes 92, noes 141.

So the amendment was rejected.

Mr. RAINS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RAINS, of Alabama: On page 123, lines 14 and 15, delete subsection 604(d) and insert in lieu thereof the following:

"(d) Section 803(a) of the National Housing Act, as amended, is amended by striking out the last proviso and inserting in lieu thereof the following: 'And provided further, That no more mortgages shall be insured under this title after October 1, 1962, except pursuant to a commitment to insure before such date, and not more than twenty-eight thousand family units shall be contracted for after June 30, 1959, pursuant to any mortgage insured under section 803 of this title after such date.'"

Mr. RAINS. Mr. Chairman, this is a conforming amendment that will make this bill as it relates to so-called Capehart housing conform exactly to the language that was enacted into law in the military public works bill. It is also the language, as I understand it, that they arrived at in conference. It is offered at the instance of the gentleman from Georgia, the chairman of the Committee on Armed Services [Mr. VINSON], and conforms to the law which we have already enacted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama [Mr. RAINS].

The amendment was agreed to.

Mr. McDONOUGH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McDONOUGH: Page 111, after line 6, insert the following:

"REQUIREMENT OF LOCAL APPROVAL

"SEC. 315. Section 101 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

" '(e) No contract shall be entered into for any loan or capital grant under this title after the date of enactment of the Housing Act of 1961 with respect to an urban renewal project in any locality unless and until such project has been approved by majority vote in a referendum of all the residents of such locality.' "

Mr. McDONOUGH. Mr. Chairman, the chairman of the committee a moment ago referred to States' rights. This amendment gives the cities a little right to determine whether they will have a renewal project in their area, whether Federal funds will be permitted to be used. There are a number of cities in which urban renewal is now operating where the people of these cities wish they had had an opportunity to express themselves before they permitted the urban renewal project to start.

If a city is considering a bond issue for the construction of a sewage project or a water project or many other projects, there are requirements for a referendum by the people before such a project is initiated. Of course, I know that where there is the desire to expend Federal funds and where there are bureaucrats, they are educating the cities on how to obtain Federal funds for urban renewal projects. Nevertheless, there are cities where urban renewal has become more or less a revolution and in some cases a disaster to the people, because it is not only a fiscal upset to the community, it is a social upset to the community where these people have to be replaced in other types of housing, where there is resistance in the courts against condemnation proceedings, the acquisition of land and property, where there is contention between the people who are in the urban renewal projects and do not want to conform to the plan that the Federal planners have outlined, and the only authority that has been granted for the use of Federal funds in those projects is by the governing body by resolution.

We do have basic law where if a referendum is taken to oppose public housing, no public housing can be built in that area.

Urban renewal is getting to be a big project, a big obligation on the part of many cities. A lot of Federal funds are being used in that connection. I think the people ought to have the opportunity to express themselves before they enter into such a project.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield to the gentleman from Illinois.

Mr. YATES. I was not clear about the import of the gentleman's amendment. Is it his intention that the referendum apply to the area which is the subject of the urban renewal program, or to the entire city?

Mr. McDONOUGH. To the city.

Mr. YATES. The entire city?

Mr. McDONOUGH. That is right.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield to the gentleman from New York.

Mr. MULTER. Do I correctly understand that the amendment calls for this referendum in a special election?

Mr. McDONOUGH. That would be up to the governing body setting up a special election.

Mr. MULTER. Can the gentleman give us any idea what it would cost to put this on the ballot in a city of 100,000 or in a city of half a million people?

Mr. McDONOUGH. I have not the slightest idea of what it would cost. It is sometimes costing the people a lot of money to let a renewal project go ahead.

Mr. MULTER. In a city like New York it would cost several hundred thousand dollars to conduct such a referendum.

Mr. McDONOUGH. It always costs more to do anything in New York City.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield to the gentleman from New York.

Mr. TABER. It would require \$400 million to build the kind of parks in Greater New York.

Mrs. DWYER. Mr. Chairman, I rise in support of the amendment offered by the gentleman from California [Mr. McDONOUGH]. I do so as a convinced and longtime supporter of urban renewal, in the conviction that a referendum requirement could be one of the most effective ways of strengthening the program.

As I indicated in my remarks to the House yesterday, there is increasing concern among many of us that in specific instances urban renewal projects have been moving away from earlier concepts and objectives approved by Congress. The cooperation and support of the people of a community depend on information and on an understanding of the purposes and means of urban redevelopment. It requires that the people be taken into the confidence of the city planners and informed, step by step, of what is proposed to be done in the community.

In too many cases, however, city planners and local officials have adopted what seems to be an excessively professional attitude toward urban redevelopment. That attitude reflects a belief that professional planners have the answers and the people should be wise enough to accept those answers without questioning them.

Certainly, Mr. Chairman, city planning and urban redevelopment are professional undertakings of the highest order, but they cannot be divorced from popular opinion or conducted in an ivory tower shut off from the view of the people. Nothing is of more vital and immediate personal concern to people than their homes. The social, financial and emotional investment which people have in the houses and neighborhoods in which they live exceeds almost any other consideration. This is a fact which the professionals in the field of urban redevelopment must recognize.

In my remarks yesterday I referred to the Pearl Street urban renewal project in Elizabeth, N.J. It is a classic case of local discord arising from the failure to achieve an early understanding of the objectives of urban renewal. For 4 years, the people of the area have fought this project to a standstill. They have done so because from the very beginning local officials failed to convince them that their neighborhood was blighted, that it needed comprehensive redevelopment as opposed to other areas of blight, or that the redevelopment plan required the total elimination of all the houses in the area and their replacement by large luxury apartment buildings. In fact, a review of the 4-year battle reveals that city officials made little effort to inform the people of their plans or persuade them of the need for the project.

The amendment of the gentleman from California, I believe, will do much to prevent such situations from developing in the future. To require a referendum on urban renewal projects is to consult the people of a community. To win that referendum, local officials must seek the understanding and cooperation of the people. Knowing that a referendum must be held, local officials will have a powerful incentive to enlist popular cooperation at an early stage of the planning and to assure continued cooperation by informing the people at every step of the project's development.

We often preach, Mr. Chairman, about the advantages of democracy. Why, then, do we so often act as though we feared and distrusted democracy in action? Local democracy, in the sense of real popular participation in community action, is still the finest form of government. Democracy makes demands and presents obstacles. But when the demands have been met and the obstacles overcome, a stronger and better community will be the result.

(Mrs. DWYER asked and was given permission to revise and to extend her remarks.)

(Mr. MAGNUSON (at the request of Mr. MOOREHEAD of Ohio), was granted permission to extend his remarks at this point in the RECORD.)

Mr. MAGNUSON. Mr. Chairman, I support H.R. 6028, the Housing Act of 1961.

Today, there are millions of American families living in substandard, inadequate and dilapidated housing, forced by low incomes to reside in rural hovels or city tenements. Here they must raise their children. For many of these families the only hope that they will ever be able to occupy decent homes is the low-rent public housing program.

Nor are the problems of inadequate housing limited to the working poor. Many of our senior citizens, who are no longer able or permitted to work, find it impossible to acquire accommodations suitable to their special needs at rates they can afford.

Many students suffer equally from an incapacity to obtain housing to meet their requirements, modest though they may be. Each shares in common an inadequate income. This vacuum is

filled, at least in part, by the provisions of H.R. 6028.

In part, the problem of lack of housing stems from lack of opportunity for full employment. It is the contention of organized labor, and in this, I quite concur, that unemployed and underemployed workers will benefit economically from the measures proposed within this legislation. Programs designed to rebuild our aging cities and to provide homes for the American people, will also mean jobs in the factories and at the building site. It provides a stimulus to the lumber industry, to materials producers, and in the allied industries which depend upon homebuilding for a market.

Throughout the bill, emphasis is placed upon planning and local initiative. Comprehensive areawide planning for orderly urban growth is the keynote. The open-space provisions encourage the conservation of natural areas for recreational and other public purposes. Local initiative and planning responsibility are retained throughout, with incentives to stimulate local action where desirable—but always the initiative remains with local people.

The bill is comprehensive, encompassing separate and diversified programs. I have reservations and doubts with regard to particular aspects of the bill. Some doubt remains with regard to financing arrangements. However, the bill at large appears sound and vitally important for the national welfare. I support it and urge its acceptance by this body.

There are three particularly important portions of the bill which I should like to recommend to the House for its consideration and support. They are: Under title II, housing for the elderly; title IV, college housing; and under title VII, the provisions for permanent "open space" areas.

HOUSING FOR THE ELDERLY

One of the most urgent needs in the housing field is the provision of accommodations for our senior citizens, suitable to their special needs and within their somewhat limited means. Title II of the general housing bill extends and enlarges the program for the elderly. I urge its acceptance.

The bill, as reported from committee, would increase the provision of direct loans to nonprofit corporations including consumer cooperatives from \$50 million to \$100 million. These loans may extend over a 50-year period and bear a minimal interest rate—presently 3½ percent. The 50-unit ceiling imposed by the administration was lifted in January of this year. With the availability of additional funds, we may hope for a speedup in the development of this badly needed housing. I am happy to note that the committee has reduced the minimum age for occupancy eligibility from 62 to 60 years of age.

Since the direct loan program was activated in July of 1960, there have been 22 project approvals, 3 of which are located in the State of Washington: the Lidon Foundation, Seattle; Mid-Columbia Manor, Vancouver; and the Lodoro Foundation, Olympia. These 3 are small projects, in conformity with the

administration ruling, the largest being 50 units.

The housing needs of the elderly are urgent and specialized. This, I cannot emphasize strongly enough. As many of our senior citizens are on small pensions or fixed incomes, one must scale down rentals to a minimum when providing housing. The Fresno Senior Citizens' Village in California, which because of its size—557 units—was unable to benefit under the direct loan program, is able to provide an efficiency unit for \$70 and a one-bedroom apartment for \$80 a month. Mid-Columbia Manor in Vancouver, Wash., which fell under the direct loan program, proposes to do considerably better, to provide housekeeping facilities for between \$50 and \$52 per month. But what of the people who can't be accommodated or who can't afford the higher rents?

It is my sincere hope that Congress will give full consideration to the problems facing our senior citizens when voting upon title II of this bill.

COLLEGE HOUSING

Title IV of the general housing act provides an authorization of \$300 million a year for the next 4 years for college housing, plus increased funds for 2 dining halls and cafeterias, student centers, and for the housing of student nurses and interns. This program is of vital importance to our expanding system of higher education.

Mr. Chairman, the Housing Act of 1950 authorized the Housing Administrator to make loans to institutions of higher learning to provide housing and related facilities for students and faculty. These loans were to be of long duration and were to carry low interest rates. Since the inauguration of this program, assistance has been provided for about 1,550 projects for housing and 500 additional projects for related facilities. This is a commendable record.

Equally commendable is the sound economic base upon which the program rests. Funds authorized under this program are not grants but rather loans, repayable to the Treasury. To date, there have been no defaults in principal or interest under this program. Two points are worth emphasizing. First, the loans are to extend over a maximum period of 50 years. Second, the rate of interest charged is equal to the average interest rate on the entire Treasury debt, plus one-fourth of 1 percent to cover management costs. These long-term low-interest loans are substantially more favorable than could be provided elsewhere.

By providing assistance of this nature to our institutions of higher education, the Government is in turn aiding in the training of our young people, that their skills and talents may be increased for the general betterment of society. While the colleges and universities are gradually repaying these Government loans, the graduates enter the mainstream of our economic and social complex as productive citizens. From a program such as this, there is no loss but only benefits—to the students, to the institutions, and to society at large.

The State of Washington has benefited handsomely under this authorization. Seattle is served by three institutions of higher learning, all of which have been participants under the act. Seattle University, under the administration of the Jesuit Fathers, has received \$5 million; the University of Washington, \$8 million; and Seattle Pacific College, a Free Methodist college, over \$3 million. This brings the total benefits under the act to about \$16½ million for the Seattle area alone; the total for the entire State of Washington reaches over \$40 million with another \$15 million reserved.

This assistance is significant to the non-tax-supported colleges and universities, which hold so prominent a place in the framework of higher education in Washington State. These non-tax-supported colleges and universities must rely upon grants from charitable foundations, donations from alumni and other interested parties, research assistance, and tuition. As tuition and living costs rise at these private schools, greater numbers of students are forced into the State universities, jamming their facilities while diminishing the revenues of the non-tax-supported schools they might have attended. It is encouraging to note that the non-tax-supported colleges and universities of Washington State received over \$17 million in loans for housing and related facilities under the act during the past 10 years.

The increasing enrollments of our colleges makes the program of loans for the construction of student facilities particularly important. Enrollment is expected to increase from its 1960 level of 3.6 million to over 6 million by 1970. By authorizing annual expenditures spread over the next 4 years in equal payments of \$3 million per year, college administrators will be better able to plan for necessary expansion with an assurance that funds will be available.

PROVISION FOR OPEN SPACE

Mr. Chairman, title VII of the general housing bill, initiates a new concept in Federal planning in the urban development field. This section provides a program of partial grants to State and local governments to assist them in the acquisition of land for parks, recreational areas and other "open space" use. Grants up to 30 percent of acquisition cost would be permitted, an authorization of \$100 million being asked. Title VII embodies the best principles of conservation and should result in immeasurable savings to local areas which participate in this program. I very strongly endorse the "open space" provisions and urge their retention in the bill.

"Open space" is defined by the proponents of this section as predominantly undeveloped land in an urban area which has first, economic and social value as a means of shaping the character, direction, and timing of community development; second, recreational value; third, conservation value in protecting natural resources; or fourth, historic, scenic, scientific, or esthetic value. The open-space provisions of the housing bill are essentially conservationist in tone, and in varied instances, reiterate implicitly conservationist policy.

Comprehensive areawide planning is the heart of orderly and efficient urban growth. The authors of this bill have recognized the proportions of the "urban sprawl" which is presently turning cities into super metropolitan blocks. Title VII is designed to offer incentives to State and local governments to plan carefully the use of their remaining open areas—to encourage public planning—at the local level—for public progress, that urban growth may be orderly, that natural areas may be preserved, that lands may be systematically set aside for public use, and that future generations may not grow up in teeming cities without the benefit of open space.

It is hoped that the incentives granted in this portion of the bill will encourage local officials to engage in comprehensive areawide planning to include preservation of open space.

The committee report defines urban area as "any area which is urban in character, including those surrounding areas which form an economic and socially related region." Thus, planners, taking into account population trends and patterns of urban growth, are able to go beyond the immediate confines of the city, beyond the presently congested areas, to set aside parks, parkways, watersheds, and open space for other future public use, specifically not to be developed in the sense of building projects. Open space, to qualify under this bill, would have to be clearly and directly a part of a comprehensive growth plan. Once established as an open space area, such an area could not be converted to development use without compensation in kind and as part of a general alteration of the overall growth plan.

Senator JOSEPH CLARK has referred to the open space provision of the housing bill as an "insurance policy for urban sanity." I would quite concur with the distinguished senior Senator from Pennsylvania. In at least two phases, it constitutes an insurance policy for urban sanity. First, it contributes, as we have seen, to the promotion of sane urban planning. Second, and more literally, it contributes to the promotion of mental and social health.

America has been blessed with areas that are among the most beautiful, the most ruggedly grandiose of any in the world; and equally important, America has been blessed with statesmen of sufficient vision to set these areas aside for posterity as a public trust. Yet, it is an interesting anomaly that in most cases these parks, national forests and preserves are so far removed from 90 percent of our population that it is virtually impossible for them to enjoy the esthetic values of these areas. A trip to Olympic National Park or a cruise through the San Juan Islands in Puget Sound makes an extremely enjoyable vacation, but for most Americans, it is necessarily a two-week excursion.

Title VII is concerned with the day-to-day living of the millions of Americans crowded into housing developments, apartments and tenements—hot, teeming and oppressive. Its intent is to encourage the preservation for public use of areas—determined through comprehensive local planning—such as Rock

Creek Park and the C and O Canal in Washington, Pennypack Park in Philadelphia, the University of Washington Arboretum and Seward Park in Seattle, and Central Park in New York City.

The inclusion of title VII in the housing bill, if properly used, can mean financial saving to the local and Federal Government. The cost of building freeways through some of our cities and suburban areas may run up to \$5 million a mile and more. The cost of acquiring right-of-way for these highways could have been greatly reduced had some early city fathers thought to reserve open space for a growing city. With the advantage of present growth statistics and planning analysis, there can be no excuse for a repetition of this failure. Parks and other open-space areas can be reasonably provided if they are set aside before urbanization sets in. Once natural beauty has been destroyed, it is nearly impossible to restore it. Once an area has been developed, property values make the consideration of human values almost prohibitive.

The time for thoughtful planning and bold action has arrived. In most areas of our country, open space is still available. However, our sprawling urban complexes are rapidly limiting this availability in their environs—cutting forests, polluting air and streams, constructing row upon row of crackerbox housing without consideration for the human values of the people who must live there. As our Secretary of Interior, Stewart Udall, has so wisely stated,

America's land and water are on the block. The highest bidder is seldom the wisest user. Short-term developments and short-term gains will be debited a thousandfold against the assets of future generations, whose claim on America is as valid as ours.

Mr. CORMAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I believe I have never heard so peculiar a suggestion for an invasion by the Federal Government of the rights of local governments. I must say I can only suggest to those who feel that city councils are remote from the people and not responsive to their desires that they have never served on a city council, at least on the city council of Los Angeles. I would like to say this provision of the law has been a tool for the city of Los Angeles to eradicate a great number of slums and to prevent other slums from developing, and has made it possible for us to avoid at least for the last 8 years the necessity for any additional public housing. This was done through the efforts of my good friend, Mayor Norris Poulson, and by 15 members of the city council, I would say that my colleague from Los Angeles, Mr. ROUSSELOE, seems to have misinterpreted the last election in Los Angeles—14 of those councilmen who supported a great number of projects were returned to office, and the only exception was the one they sent here.

Mr. RAINS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, we had this amendment before us in committee. What this amendment would do in my judgment would be to completely take this out of the hands of the elected city officials.

And if you think they do not hold elections and vote on these urban renewal projects, you should just take the returns of the cities and check them. This becomes an issue in the various campaigns, and in certain cities they hold a referendum. But I think you would not generally expect somebody to vote favorably in an area where houses are going to be torn down or where a superhighway is going to be put through. In the case of small towns the cost of holding an election would be unreasonable.

So after looking at all sides of it I believe the House will agree that it would strike down the urban renewal program. I hope the House will defeat the amendment.

The CHAIRMAN. The question is on the amendment.

The question was taken, and on a division (demanded by Mr. McDONOUGH) there were—ayes 101, noes 138.

So the amendment was rejected.

Mr. CAHILL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CAHILL: On page 99, before the period in line 16, insert a colon and the following:

"Provided, That of such sum the Administrator may, without regard to other provisions of this title, contract to make grants aggregating not to exceed \$50,000,000 for mass transportation demonstration projects which he determines would contribute significantly to the development of data and information of general applicability on the reduction of urban transportation needs, the improvement of mass transportation service, and the contribution of such service toward meeting total urban transportation needs at minimum cost. Such grants shall not exceed two-thirds of the cost, as determined or estimated by the Administrator, of the project for which the grant is made and shall be subject to such other terms and conditions as he may prescribe."

And on page 107, line 4, insert "(a)" after "Sec. 310."

On page 107, after line 24, insert the following:

(b) Section 701 of such Act is further amended by—

(1) striking out the matter preceding paragraph (1) of subsection (a) and inserting in lieu thereof the following:

"Sec. 701. (a) In order to assist State and local governments in solving planning problems resulting from the increasing concentration of population in metropolitan and other urban areas, including smaller communities, to facilitate comprehensive planning for urban development on a continuing basis by such governments for urban development and the coordination of transportation systems in urban areas, and to encourage such governments to establish and improve planning staffs, the Administrator is authorized to make planning grants to—"; and

(2) adding at the end of subsection (a) the following: "Planning which may be assisted under this section includes the preparation of comprehensive mass transportation surveys and plans to aid in solving problems of traffic congestion and facilitating the circulation of people and goods in urban and metropolitan areas through the development of comprehensive and coordinated mass transportation systems. Funds available under this section shall be in addition to funds available for planning surveys

and investigations under other Federally-aided programs, and nothing contained in this section shall be construed as affecting the authority of the Secretary of Commerce under section 307 of title 23, United States Code."

And on page 114, line 1 after "State" insert ", and including interstate agencies and instrumentalities".

And on page 115, lines 17 and 18, strike out "this section" and insert "clause (1) of subsection (a) of this section".

And on page 116, line 13, strike out "this section" and insert "clause (1) of subsection (a) of this section".

And on page 116, strike out lines 18 through 20 and insert the following:

(g) Section 203(a) of such Amendments is amended by striking out the words "in an amount not exceeding \$150,000,000, notes and other obligations" in the first sentence and inserting in lieu thereof the following: "notes and other obligations in an amount not to exceed \$650,000,000: *Provided*, That, of the funds obtained through the issuance of such notes and other obligations, \$100,000,000 shall be available only for purchases and loans pursuant to clause (2) of section 202(a) of this title".

And on page 117, after line 5, insert the following new subsection:

(1) Section 201 of such Amendments is amended by adding after "public works or facilities" in the second sentence the following: "(including mass transportation facilities and equipment)".

(2) The first sentence of section 202(a) of such Amendments, as amended by subsection (a) (3) of this section, is amended by—

(A) striking out "acting through the Community Facilities Administration,";

(B) inserting "(1)" before "to finance"; and

(C) inserting the following before the period at the end thereof: ", and (2) to finance the acquisition, construction, reconstruction, and improvement of facilities and equipment for use, by operation or lease or otherwise, in mass transportation service in urban areas, and for use in coordinating highway, bus, surface-rail, underground, parking and other transportation facilities in such areas. Such facilities and equipment may include land, but not public highways, and any other real or personal property needed for an economic, efficient, and coordinated mass transportation system".

(3) Section 202(c) of such Amendments is amended by striking out "this section" in the first sentence and inserting in lieu thereof "clause (1) of subsection (a) of this section".

(4) Section 202 of such Amendments is further amended by adding at the end thereof (after the new subsection added by subsection (f) of this section) the following new subsection:

"(e) No loans may be made for transportation facilities or equipment, pursuant to clause (2) of subsection (a) of this section, unless the Administrator determines that there is being actively developed for the urban or other metropolitan area served by the applicant a positive program, meeting criteria established by the Administrator, for the development of a comprehensive and coordinated mass transportation system, and unless such facilities or equipment can reasonably be expected to be required for such a system. Subsequent to three years after the date of enactment of the Housing Act of 1961, no such loans shall be made unless the urban or metropolitan area served by the applicant has such a positive program and the project is part of such program."

Mr. CAHILL. Mr. Chairman, I would like to briefly state what these amendments provide.

First of all, let me say this has to do with mass transportation. It is a subject I would assume every one in the House, regardless of how they feel about the balance of the bill, will agree should be in the bill.

The amendments that you heard read briefly do these things: They amend title III of the bill by permitting the Administrator to use \$50 million of the funds already provided for in the bill for mass transportation pilot projects.

Second, they authorize the Administrator to use money already authorized in the bill for urban planning for planning for mass transportation in communities.

And, lastly, it amends title V of the bill relating to community facilities providing that loans may be made up to \$100 million at the interest rate provided in the bill for the purpose of construction, reconstruction, and improvement facilities and equipment in mass transportation.

Mr. Chairman, may I say very frankly I know there are many in the House who have introduced bills which will take care of mass transportation. I know the subcommittee headed by the gentleman from New York is presently working on this problem. But I would call the attention of the House to the fact that in the other body the housing bill by an amendment offered by the Senator from New Jersey included these provisions. Therefore, if we accept this amendment and pass the bill, as amended, we will be in a position to start our work on mass transportation right now. We will not have to wait until the committee reports the bill, the bill is printed, and is scheduled for consideration, which may well be in the next session of the Congress.

I need not tell the Members of the House of the need for studies and pilot projects in mass transportation. In every Member's district I dare say this problem exists. One has only to look at the city of Washington and every other city in America to realize the great need for some solution of this mass transportation problem.

It seems to me, Mr. Chairman, if we are going to develop urban communities and bring more people in there, we had better start finding a way to get them in and out.

Mr. Chairman, I urge the Members of the House to accept these amendments, that they pass the bill as amended, so that we can start immediately to solve this problem. I think the time for study is over and I think the time for action is here.

Mr. Chairman, I urge the adoption of the amendment.

Mr. RYAN. Mr. Chairman, will the gentleman yield?

Mr. CAHILL. I yield to the gentleman from New York.

Mr. RYAN. Is your amendment drawn in the same language as the amendment introduced in the Senate?

Mr. CAHILL. Yes. This is almost the identical language of the amendment introduced by Senator WILLIAMS.

Mr. Chairman, let me further say I do not suppose there is a Member in the House who will not admit that transportation is one of the most serious problems in his district. In my own district, we are faced at the present time with an application by a railroad to discontinue all passenger service in south Jersey. Our highway department is swamped with requests from irate citizens for immediate action in the construction of new highways and the modernization of old ones. Every avenue of ingress and egress to our cities is jammed with automobiles. One but has to think of the conditions of traffic here in Washington in the morning and in the evening to fully recognize the great need for a solution to mass transportation.

There is no great need for me to belabor the House with arguments in favor of these amendments. I am sure that every Member in the House agrees as to their need and that the only disagreement might come as to the manner in which it should be provided. The question, it seems to me, is shall we do it by amendment to the housing bill or shall we do it by separate legislation?

I would agree that a better plan might be a separate bill if we could vote on that bill today but contend with all of the sincerity and forcefulness I possess that even 1 more day's delay is inexcusable. I doubt very much if any separate transportation bill could be ready for floor action during this session of the Congress and thus whatever aids are necessary in the immediate future will be necessarily postponed for another year. This has been the history of mass transportation. Everybody agrees that something must be done but it is always put off until next year.

I would call the Members' attention to the fact that Senator WILLIAMS, in the other body, presented an amendment to the housing bill which was accepted by the other body and is now part of the Senate housing bill. In his statement Senator WILLIAMS forcefully and completely made the case for mass transportation. He pointed out the problems facing our citizens, the effect upon our merchants, and on real estate firms, how the failure to solve this problem has discouraged investment in big cities, how it has aided in spreading urban blight, how it has increased the cost of moving goods in interstate commerce, how it has increased accident insurance rates and costs, and most importantly, how it has deprived the individual citizen of peace of mind. As he said in his public statement:

Never has anyone devised any more cunning device of human torture than the traffic jam.

I would agree completely with the Senator from New Jersey and say to the House that we should follow the example of the other Body and incorporate into our Housing Bill this amendment which would be the first step toward the solution of this vital problem.

I would call the attention of the House to the fact that the U.S. Conference of

Mayors, the National Association of Home Builders, the AFL-CIO, the American Municipal Association, and, literally, hundreds of other civic-minded organizations have endorsed this type legislation. Studies by the hundreds have been made, all of which are in agreement that immediate action is essential. All that is happening by way of further studies is that traffic daily grows worse and the problem daily becomes more acute.

It seems to me absolutely ridiculous to suggest that we should have urban redevelopment, new homes for cities, and the other aids suggested in this Housing bill if we are not at the same time going to provide a way for people to get into and out of these cities. I suggest that this amendment would encourage the continuance rather than cause the abandonment of vital rail service, of necessary bus service. It would provide a ray of hope for people in the transportation field.

Among the existing problems that need immediate attention and solution we can, I think, include such things as modernization of railway cars and equipment, joint use of stations and terminals by all transportation agencies, coordination of parking facilities with mass transportation facilities so that outlying districts can be properly serviced and masses can be economically and speedily transported to urban employment. These are but a few of the multitudes of problems. Senator WILLIAMS in his speech before the other body presented some 15 specific problems which, in his judgment, needed immediate solution. I would agree with the Senator and say that he listed only those which, in his judgment, were the most important.

I am sure Members of the House remember the recent NBC television show concerning the great problem of our railroads and our transportation system. Every national magazine and alert newspaper has been for many years pointing up this problem and suggesting means of solving it. We know that no city, that no State can solve this problem by itself. It is indeed a national problem and a national disgrace.

I again urge, therefore, the Members of the House to accept this amendment so that immediate attention can be given to this pressing problem.

Mr. MULTER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, during the course of the debate on the rule on this bill I caused to be inserted in the RECORD, and it appears on page 10156 of the RECORD of June 21, a statement indicating that the administration bill on mass transportation had been introduced; it is H.R. 7787. There you will find the bill and an explanation of the bill and my statement about it. On Tuesday next we start hearings on the bill before my subcommittee of the Committee on Banking and Currency. We now have scheduled witnesses for Tuesday, Wednesday, and Thursday of next week. We will continue hearings until we have completed them, and then go into executive session and report a bill to the full committee which I think will warrant reporting by

the full committee to the House for action.

Mr. Chairman, no amendment was offered in the subcommittee to this bill along the lines of that just offered. There have been no hearings in the House or by any House committee on this subject. No such amendment was offered in the full committee. I think this House should not attempt to pass an amendment of this kind that calls for the expenditure of \$100 million which will go to municipalities, to railroads and to others engaged in the mass transportation business. This may be the thing to do, but with the recommendation at this time of the administration for \$10 million, I think certainly we need full hearings on the subject. After that we can come up with a bill which will cover this matter and nothing else. In that way we can devote the proper attention to it and do the job that needs doing.

Mr. CAHILL. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from New Jersey.

Mr. CAHILL. Am I not right and does the gentleman not agree that this amendment does not provide any additional money, but that it merely utilizes the money that is already in the bill and permits the administrator to utilize some of those funds for a mass-transportation study?

Mr. MULTER. I will take the gentleman's word that that is what he is doing here, but I do see staring me in the face an allocation of \$100 million for mass transportation. I do not think we ought to allocate \$100 million, whether it is already authorized or will be authorized or appropriated by this bill until we have had full and complete hearings, indicating what the problem is and how much money should be allocated to this program.

Mr. CAHILL. I want to assure the gentleman that this \$100 million is coming out of the \$500 million that is new money appropriated in the bill.

Mr. MULTER. I am sure the gentleman is in no position to assure the House that the \$100 million allocated in another part of the housing bill is not needed for housing facilities. I would be the last one in the world to urge that we take that money out of the housing program and allocate it to mass transportation. If we need \$100 million or any other sum for mass transportation, let the hearings that we will hold establish that fact and then come before this House with a bill that will do the job.

Mr. Chairman, I urge the defeat of the amendment.

Mrs. DWYER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I strongly support the proposed amendment which would add to the committee bill a mass transportation program similar to that contained in the Senate bill.

As I stated in my remarks before the House yesterday, there is no more urgent national problem today than the need to free our cities and metropolitan areas from the choking conditions of modern

traffic by developing comprehensive metropolitan mass transit systems.

I recognize that the House has held no hearings on mass transportation legislation this year. As a sponsor of such a bill, I have urged the committee to hold hearings and I have regretted the committee's failure to do so. I remind the House, however, that hearings were held on similar legislation last year by the Committee on Banking and Currency. The Senate has also held extensive hearings on the subject for 2 successive years. Moreover, the platforms adopted last year by both the Republican and Democratic Conventions specifically recommended enactment of legislation similar to the pending amendment.

I can conceive of no subject upon which more attention and greater study has been lavished. The problem has been recognized increasingly to be one of the most serious domestic problems facing our Nation, and there is virtually no disagreement about the fundamental means of attacking it.

As evidence of this unanimity, Mr. Chairman, I consider it especially significant that the Advisory Commission on Intergovernmental Relations just 2 months ago strongly endorsed the purposes and provisions of the mass transportation bill—the same bill passed by the Senate and pending before the Banking and Currency Committee.

The bill and the pending amendment would authorize long-term loans up to \$100 million, provide for Federal technical assistance and research, and make available to State and local agencies aid in planning and testing alternative ways of improving urban transportation systems. The program would be administered by the Housing and Home Finance Agency.

As the Commission and many other groups have recognized, the provision of loans and planning grants of moderate size will stimulate State and local governments to assume their rightful responsibilities with respect to mass transportation planning and development.

The time for action, Mr. Chairman, is now. The metropolitan area mass transportation problem is a national one. The economic loss due to traffic congestion in the 10 major urban centers of the country approaches \$5 billion a year. The present decline in urban mass transportation facilities represents an immediate threat to the survival of metropolitan areas as we know them.

The need to strengthen commuter transportation service by improving facilities, stabilizing fares, providing more convenient schedules, and attracting more satisfied customers is probably the most important single problem facing heavily populated urban areas.

Equally important, however, is the need to balance all forms of urban transportation, to develop an overall transportation system which will serve effectively and efficiently the diverse requirements of the entire area, and to integrate such a system with all other land-use considerations in the area.

This amendment faces up to these needs by providing sound criteria for

essential long-term loans and by establishing the machinery necessary for better planning at local, State, and National levels—planning that will assure us the best use of our resources at lowest possible costs and with maximum advantages for all our people.

(Mrs. DWYER asked and was given permission to revise and extend her remarks.)

Mr. RAINS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from New York, who I know is as much concerned with this problem as anyone else, has well stated the case. There is to be some consideration of the legislation on it in the near future.

But certainly this frail bark is no place to put this type of amendment and I certainly hope those who want to case an economy vote will do so because here is a real good spot.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. CAHILL].

The amendment was rejected.

Mr. HALPERN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HALPERN of New York: Page 127, line 23, after "section" insert the following: "(or any cooperative housing project covered by a mortgage insured under section 207 as in effect prior to the enactment of the Housing Act of 1950)".

Mr. HALPERN. Mr. Chairman, I rise in support of this amendment.

(Mr. HALPERN asked and was given permission to revise and extend his remarks.)

Mr. HALPERN. Mr. Chairman, my amendment applies to a relatively small class of cooperative housing constructed under section 207 of the Housing Act, largely for veterans, between 1947 and 1950. These dwellings are now 11 to 14 years old and in many cases in need of substantial improvement or installation of community facilities. In order to facilitate loans for this kind of work, my amendment would permit the FHA to insure loans, made to section 207 cooperatives, for improvement of existing facilities. The loans would be limited in amount to the equivalent of the paid-off portion of the existing mortgage, and in length of time to the remaining term of the existing mortgage. A similar provision with regard to section 213 cooperatives has already been included in the bill by the committee, and in all fairness, I think the same supplemental financing should be extended to the cooperatives built under the earlier section 207 cooperative program.

The committee has been studying this amendment, and I would like to ask the views of the gentleman from Alabama [Mr. RAINS].

Mr. Chairman, right after the Second World War, provision was made for construction of cooperatives under section 207 of the Housing Act. The aim was to provide housing rapidly and economically for returning veterans. Under the program, the FHA insured cooperative mortgages under section 207 between 1947 and 1950. Cooperatives whose participants were primarily veterans re-

ceived special terms. I understand that there are in existence today 752 section 207 cooperative mortgages, covering 87,593 dwelling units.

In 1950, Congress established the section 213 cooperative mortgage insurance program, superseding the earlier 207 cooperative program. The latter was discontinued. However, cooperatives originally built under the 207 program between 1947 and 1950 are still insured under section 207.

In the bill before us, there is a vitally needed provision that applies to section 213 cooperatives. It permits the FHA to insure loans, made to these cooperatives, to be used for improving existing property and providing needed community facilities. The loan is limited to the equivalent of the paid off portion of the existing mortgage, and to the remaining term of that mortgage. This provision, which is already in the bill with regard to section 213 cooperatives, is truly vitally needed because without it, many cooperatives will not be able to obtain funds to provide important community facilities and improvements—and I am speaking of things like kitchen improvements, not of swimming pools.

The amendment I am now offering would simply make section 207 cooperatives eligible for the same type of improvement loans, under the same terms, as are already provided in the bill for section 213 cooperatives. I want to make it clear that the amendment applies only to section 207 cooperatives, and not to other types of housing covered by section 207. Moreover, it is an amendment whose effects would be limited because, as I said, the 207 cooperative program expired 11 years ago and no new cooperatives can be built under section 207.

In all fairness, Mr. Chairman, I think this amendment should be accepted. Section 207 cooperatives are older than section 213, and in some cases are in greater need of improvements. It is only just that they, too, should be given an opportunity to enhance their facilities.

Mr. RAINS. Mr. Chairman, the staff of the committee and the staff of the agency have looked this amendment over. We have no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. HALPERN].

The amendment was agreed to.

Mr. McDONOUGH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McDONOUGH of California: Page 141, strike line 1 and all that follows down through page 146, line 10, and insert the following:

"TITLE VII—FHA INSURANCE FOR SITE PREPARATION AND DEVELOPMENT"

Page 146, line 12, strike out "710" and insert "701".

Page 154, line 16, strike out "711" and insert "702".

Page 155, after line 5, add the following new section:

"STUDY OF OPEN-SPACE LAND USE

"SEC. 703. The Housing and Home Finance Administrator shall make a study of open-

space land in the Nation's urban areas, giving particular attention to the danger that existing open-space land will be lost to such areas, the factors contributing to such danger, and the feasibility of encouraging more economic and desirable urban development in the United States through a Federal program of assistance to State and local governments to preserve open-space land which is essential to the proper long-range development and welfare of such areas. The Administrator shall report to the Congress at the earliest practicable time the results of such study, together with his findings and recommendations for legislative and other action.

Mr. McDONOUGH. Mr. Chairman, this applies to the section of the bill that provides \$100 million for the acquisition of open-space areas in urban sections of the country. Instead of assuming the obligation of acquiring these lands, which will run into a great deal of legal problems because of condemnation proceedings and State and local laws that are opposed to this kind of land acquisition, I propose that the Housing Administrator be authorized to make a study of it.

In the bill on page 110 under "Parks and Recreational Facilities" an amendment was agreed to by the committee that no urban renewal project could be established without due consideration being given to adequate park and recreational facilities as may be desirable for neighborhood improvement, with special consideration for the health, safety, and welfare of children residing in the general vicinity of the site covered by the plan.

There is a provision in the bill, and there is no attempt to remove it from the bill, to provide recreation facilities for urban renewal projects. This is not going to cost \$100 million to do what is already in the bill, but it will cost \$100 million to acquire these lands if this open section remains empty.

I think we are entering into an area which is supplemental to housing but not specifically housing, because this will remove from the tax rolls in many cases many, many acres of land around a small or large city that could otherwise be used and preserved as the hope was expressed in the bill for future use for a greenbelt or recreation or park area. This is new legislation. I recommend that the study be made, but I do not think we should assume the cost of \$100 million. Therefore, I urge that the amendment be adopted.

Mrs. GRIFFITHS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I feel that the time for study on this issue has passed, that while a study continues the price of the land would go up so that the people involved would in the long run pay a higher price. I urge that the amendment be defeated. I feel that the place where we need the parks is where the people are. I hope that everyone will vote against this amendment.

Mr. RAINS. Mr. Chairman, in the general debate on this subject I stated to the Members of the House that at the proper time I intended to offer an amendment to limit strictly the definition of this to the following, and if and when this amendment offered by the

gentleman from California is voted down I expect to offer this brief amendment:

The term "open-space land" means any undeveloped or predominantly undeveloped land in an urban area which has (A) recreational value; (B) conservation value in protecting natural resources; or (C) historic or scenic value.

You are talking about developing a city with urban renewal. That is what the words "urban renewal" mean, to renew rundown, outworn, outmoded sections of a city. I think to curtail that part of the program for these purposes only, to say that open-space land is not essential to it, is to shut one's eyes to the facts of modern urban living. I said before and I say again that I believe that one of the greatest things in the program is the provision for more open space for kids to play in. I also believe that there ought to be some provision made whereby the people in an urban area could preserve to themselves the scenic beauty. I think that adds to it. I also believe we ought to be able to preserve sites of historic value. These are essentials to the renewal program of a modern city.

Mr. Chairman, I ask that the amendment be voted down. Then I expect to offer this amendment.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise to oppose the amendment. This term "open spaces" is a technical term which may be meaningful to conservationists, but to the people generally and particularly to those of us of Irish descent, I think it would be better understood not as "the wearing of the green" but the "saving of the green."

Green is a disappearing color in our cities. Green trees disappear before the bulldozers of the real estate developers whom we are helping with this legislation. Green bushes wither from the carbon monoxide and the fumes in our cities. The green grass is trampled to death as a result of the high population density in our cities and it is replaced by black asphalt. Oh, must it be by the law of economics that the growing of the green is prevented in our cities? Today in this Chamber we can strike a blow for the green. We can correct the shortsightedness of the other body. We can retain title VII, as it is in this bill. The opponents of this legislation claim we are saddling our children and our grandchildren with a large debt. I say without this title VII, we will be bequeathing to our children and our children's children an asphalt jungle which will cost them not 10 times but 100 times as much to correct in the future.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD of Pennsylvania. I am glad to yield to my colleague.

Mr. WIDNALL. I would just like to add that the taxpayers' green money is withering too and has reached the point where the Treasurer of the United States was suggesting that we print it in red.

Mr. MOORHEAD of Pennsylvania. I would like to suggest to the gentleman that by amending this, we would be pennywise and pound foolish. Think

what it would cost the city of New York if they had to create Central Park today. Why do we saddle our children with that kind of obligation? Give us green grass and a chance for the people in the cities to be out in the open air where they can have picnics and where Boy Scouts can go. Mr. Chairman, that is essential for the people in the cities today. I know this from our experience in the city of Pittsburgh. After the war we had no parks in our city. We had no green. We had to create two parks. One was a park of 36 acres and it cost \$12 million, and another was a smaller park which cost \$4 million. Now we do have green in our city, but at a cost of \$16 million and that amounts to 16 percent of the cost of this bill.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD of Pennsylvania. I am glad to yield to my colleague.

Mr. McDONOUGH. You referred to the city of New York. On this particular question, the mayor of the city of New York appeared before the committee and he was asked particularly about the implementation of the open-space section in this bill and he said to the committee that he doubted the city of New York could use it at all. As a matter of fact, he felt there were State laws against the use of it. That same answer was made by others who appeared before the committee from St. Louis and several other cities.

Mr. MOORHEAD of Pennsylvania. I will tell the gentleman that in my city of Pittsburgh, there is a great support for this. In the central business district of our city, we have no green. We have to go outside of the central business district to find our parks. This provision can be used in Allegheny County because there the people can drive a few minutes and get to a green area where they and their families can be outdoors and enjoy the green grass and the open sky. All this title does is to make the Federal Government a junior partner in providing help to cities in this field.

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD of Pennsylvania. I am glad to yield to my colleague.

Mr. MADDEN. In view of the fact that we are on the subject of green, meaning greenback money, I might remind the Members that J. Edgar Hoover made a statement about a year ago that it cost between \$3 billion and \$4 billion a year to fight crime and juvenile delinquency. I think that these parks and open spaces would do more to combat juvenile delinquency than anything we could do. It will take youth off the streets, poolhalls, and joints. I oppose the amendment.

Mr. MOORHEAD of Pennsylvania. I thank the gentleman.

The CHAIRMAN. The time of the gentleman has expired.

Mr. KYL. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, the Members of this great body are concerned with so many matters of importance we sometimes forget actions not yet completed, which have been instituted by the House. I

would remind the Members of this body that 2 years ago the Congress established a commission which is called the Outdoor Recreation Resources Review Commission. This group was given a period in which to study the very important matter we now have before the House—the entire question of open space, esthetic values, delinquency, and with special attention to all of the varied and involved legal questions. These studies are being made; they are almost concluded, and the volumes are about ready for publication. Only shortness of memory causes us to say “It is too late to study this proposition.”

For that reason, Mr. Chairman, I suggest that the House should abide by its previous wisdom in setting up a study commission and should let this matter rest until we interpret answers the Commission has found.

Mr. DERWINSKI. Mr. Chairman, I move to strike out the last word.

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The gentleman from Illinois is recognized.

Mr. DERWINSKI. Mr. Chairman, if there is any portion in this housing bill which should have calm study it is this section. First of all, there is no demand, or plea, or request whatsoever for open space land development; as a matter of fact, the opposite is true. If any Member would check the records of the Housing Subcommittee you will find that in the last three years the home builders and others have each year objected to the fact that in the vast majority of suburban communities of the country they are being requested and in some instances forced by the local city fathers to set aside substantial areas of land for parks, for open space, for schools, and playground purposes.

In effect, what this provision would really do is multiply problems, not solve problems. Take the economic cost possibility in just suburban communities, and should the program be diverted to create green belts or open space in the centers of major cities, you would have to spend every penny of the appropriation putting a little bit of heaven—or green, pardon me—into that one city, and the demand for funds would be uncontrollable. As a matter of fact, the original argument to justify this section of the bill was advanced on the proposition that we have suburban sprawl, and that it is a horrible, terrible, treacherous, dastardly thing, and that this provision would stop this suburban sprawl. This overexaggerated suburban sprawl is being effectively controlled by community managers and village fathers, for in any city or town of any size builders planning on developing a subdivision are required to set aside a certain percentage of land for recreational facilities, for parks, school buildings, and so forth, to the extent as I have indicated, that the builders are complaining that they are presently asked to set aside too much land for those purposes. Many areas over the last 40 or 50 years have had a policy of setting aside land for community recreational purposes. There is

not a single major city or town in America that has not done something along this line. If we are going to be at all reasonable about what we do we should eliminate this provision for open space at least until we study the problem. The provision in the bill before us is completely unworkable. If we are going to have any reasonable commonsense approach in this area we should await the report of the committee that has been set up by Congress and has been studying this question.

Mr. KYL. This study which was authorized by the Congress is almost concluded at the present time and there is in process of accumulation and printing 24 volumes on this very subject.

Mr. DERWINSKI. Most certainly we should await the results of this study before acting on this subject or we may find ourselves having already legislated against the very recommendations this committee might propose. May I reemphasize there is no demand or emergency necessitating this provision, and may I vigorously reemphasize that county governments, forest preserved districts, and park districts are doing the job.

Mr. ALGER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I guess I have got to hit one more lick against the open-space provision. So, on this one, as far as the land developer is concerned, I cannot believe yet my colleagues understand what they are doing because of the very basic nature of this type of a business transaction. I heard, for example, someone say that the Government is a junior partner in these things. The Government is not and will not be a junior partner because as a level of government it must put all 50 States in the same position by 1 law. Therefore, it is supreme in this sense. Certainly, Federal power grows, at the expense of local and State government, once established in any area.

I also heard the chairman of the committee say that this redefinition of open space will be recreational, conservation, historic or scenic. Now, that covers all land, does it not? In the present bill I see the word “economic” is used, too. Its elimination will not release land from Federal consideration. But I appeal to you that under this definition it can cover all land.

For a moment, let us look at the basic realities of the situation. When a development is to be attempted a man first finds land. Then in order to get the development OK'd, in almost any civic section of our country covering urban areas, he has to go before the council or the city fathers, whoever the governing board is. He has to dedicate land for rights-of-way, he has to put in utilities, he has to put most of the money down in advance out of his own pocket. He has to comply with all the street plans, all of the topographic surveys, he has to consider subsoil, drainage, storm sewers, all of which he pays for himself. He has to provide land for schools, parks and playgrounds or he cannot get the plan OK'd. That is the law of the locality.

I am sure in our zeal to have green grass and blue skies for children, and all of these things, the best way is not to do this in haste in the late afternoon but to await the studies now going on. I think you will have on study greater confidence in the localities and in local action than by what has been evidenced here late in the afternoon. It is late, we want to wind up consideration of the bill, but that is not the way to enact legislation in a field where economic considerations as well as the laudatory ones involving children playing in parks, and so forth, are concerned. My city, as well as other cities, has parks. But this legislation is not the proper way to get good land development. Our local officials can, as they have in the past, accomplish sound development better than Federal planners. Local officials know best the local problems.

The bill would require the Administrator to encourage local governing bodies to preserve the open land looking to orderly community development. We have this already. How the Federal Government is going to improve on this, I do not know.

Then it is stated, in the middle of page 43:

The pioneering nature of this proposed grant program is also reflected in the administrative discretion which has of necessity been provided in determining the criteria which must be met by the required comprehensive development plan.

Mr. Chairman, we do not need this particular section, because what we are going to do is to actually stultify and negate present development efforts. A developer will not buy land if he thinks the Federal Government is going to block him. If you want to block future development of our cities, this is the way to do it. So vote for this amendment, that we will then have time to give it more sober consideration. We should study in the future the views of land developers rather than now adopt new law. Federal judgment is not always the best. State and local government can best control the development of our urban areas.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. McDONOUGH].

The question was taken; and on a division (demanded by Mr. McDONOUGH) there were—ayes 112, noes 151.

So the amendment was rejected.

Mr. RAINS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RAINS: Page 145, strike out lines 15 through 21 and insert the following:

“(1) The term ‘open-space land’ means any undeveloped or predominantly undeveloped land in an urban area which has (A) recreational value; (B) conservation value in protecting natural resources; or (C) historic or scenic value.

Mr. RAINS. Mr. Chairman, I do not intend to use any time on this amendment. I have already discussed it a moment ago with the gentleman from California. This is language in connection with the definition of “open space”

as far as historic or scenic value is concerned.

Mr. Chairman, I ask that the Committee adopt the amendment.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from Illinois.

Mr. DERWINSKI. Do I recollect correctly that either yesterday in debate or earlier this afternoon the statement was made that the change in language in this section would make this provision applicable only to parks adjacent to urban renewal projects?

Mr. RAINS. I made the statement exactly as I made it on this amendment. I do not know who made some other statement. But the statement I made on the RECORD was the description of this exact language. I did not hear the other statement.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from California.

Mr. McDONOUGH. Well, is it your intention in this amendment that the open-space area acquired under this section would be adjacent to urban renewal?

Mr. RAINS. It speaks for itself. It says: "The term 'open-space land' means any undeveloped or predominantly undeveloped land in an urban area."

Mr. McDONOUGH. In an urban area?

Mr. RAINS. Yes.

Mr. McDONOUGH. It does not mean an urban renewal project?

Mr. RAINS. Of course not.

Mr. McDONOUGH. We have provided in the bill for parks in urban renewal projects.

Mr. RAINS. This is not that and never has been. This is the same term that has been in the bill anyway.

Mr. McDONOUGH. Of course, everyone knows that such an urban area is adjacent to a city.

Mr. RAINS. It is not open land outside of the area. It is limited to these three purposes in an urban program. It is a restrictive amendment. If the gentleman wanted his amendment adopted, this is a better amendment than he had offered, in my judgment.

Mr. McDONOUGH. My amendment was to strike out the whole section.

Mr. RAINS. And since we did not do that, it certainly seems to me you would favor one of restriction.

Mr. McDONOUGH. But we should find out what an urban area is.

Mr. RAINS. That is what it is.

Mr. McDONOUGH. What area is it? Is it an urban renewal area?

Mr. RAINS. Anything that is not in the urban area would not be in it.

Mr. McDONOUGH. What is an urban area? We have not defined that yet.

Mr. RAINS. The gentleman knows as well as I do what the law defines as an urban area.

Mr. McDONOUGH. I do not know that the law defines what is an urban area.

Mr. RAINS. If you will read the law, you will find it described in a good many places.

Mr. McDONOUGH. Under the urban renewal law any city is an urban area.

Mr. RAINS. Absolutely; and that means just that, inside that area they can do this. That is what it means.

Mr. McDONOUGH. Then the gentleman is proposing to amend the section to provide that the parks acquired under this section shall be within the city limits.

Mr. RAINS. Within the urban area.

Mr. McDONOUGH. Of the urban area.

Mr. RAINS. That was in the amendment the entire time. I shall be glad to read the definition, if the gentleman wishes. I refer him to page 145, line 22:

The term "urban area" means any area which is urban in character, including those surrounding areas which, in the judgment of the Administrator, form an economic and socially related region, taking into consideration such factors as present and future population trends and patterns of urban growth,

Mr. McDONOUGH. They do not necessarily have to be within the city limits.

Mr. RAINS. But they have to be in the urban area, of course.

Mr. DERWINSKI. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, so that there may be no misunderstanding, I should like to point out that this is the frosting on the cake. This adds to the complete confusion and misunderstanding that are symbolic in this entire bill; the gentleman from California, Mr. McDONOUGH, and I have been asking questions for some minutes and, the answers requested are not forthcoming, and I say this with due respect to the gentleman from Alabama [Mr. RAINS]. The gentleman read his perfecting language and the definition of urban area, but truly this amendment does not change the section at all. All it does literally is to permit any municipality, with the approval of the Administrator, to grab off a portion of these funds whether or not there is a need, because your values are so broad, your definitions are so vague, that the sky is the limit. I predict that the problem you are going to have—and I hope for once the majority party Members have compassion and mercy on the executive branch of the Government of your party. For if you give them a monstrosity like this to administer, all you do is to create a caseload of ulcers down in the executive department, and you will not be solving the problem you pretend exists and is needed in this section. There is no basis, study or even representative basis on which to enact a new program of this tremendous nature with the cost beyond our ability to estimate.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama [Mr. RAINS].

The amendment was agreed to.

LEGISLATIVE PROGRAM FOR THE WEEK OF
JUNE 26

Mr. HALLECK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time for the purpose of inquiring of the majority leader as to the program for the balance of the day. It is my understanding that it is expected that action on this measure can be completed this evening. So I have asked for this time in order that the membership may be informed as to

the program for the balance of the week and for next week; and if I may respectfully suggest to the majority leader, any word he may give us as to the 4th of July.

Mr. McCORMACK. The pending bill is the remaining piece of legislation for this week. If disposed of and passed tonight, I shall ask unanimous consent to go over until Monday. You will notice that I say if disposed of and passed. What I mean is that it can pass, but I am assuming nobody will demand an engrossed copy of the bill. That is what I had in mind.

Mr. HALLECK. I was about to suggest facetiously that if the bill failed on final passage, then there would be no reason for meeting tomorrow.

Mr. McCORMACK. Of course, there are impossibilities in connection with any bill. If we dispose of the bill and it is passed, then I shall ask unanimous consent to go over until Monday.

Next week, Monday is District Day, and there will be seven bills called up, perhaps more. They are as follows:

H.R. 4669, relating to gambling.

H.R. 4670, concerning indecent publications.

H.R. 7044, to amend section 35 of chapter 3 of the Life Insurance Act.

H.R. 6495, amending the Life Insurance Act.

H.R. 7482, to amend the Life Insurance Act, as amended.

H.R. 318, relating to taxes, exempt foreign corporations.

H.R. 7052, relating to criminal conduct.

These bills may not be called up in the order I have announced them.

Mr. HALLECK. May I suggest that we put all these in the housing bill and dispose of them tonight?

Mr. McCORMACK. Then there is H.R. 7677, to increase the public debt, and H.R. 5963, the General Bridge Act, governing clearances, which was introduced by the gentleman from Mississippi [Mr. SMITH].

Also, a conference report on roads will be brought up on Monday.

Then on Tuesday, Wednesday, and Thursday—I see on this paper I hold here "Friday," but I am not going to mention Friday—there is the Defense Department appropriation bill for 1962. If H.R. 5963 is not reached on Monday it will come up after the Defense Department appropriation bill.

Then there is the continuing resolution in relation to the appropriations for 1962 that might be called up any time. That is the result of the unanimous consent granted on June 21, 1961.

If a rule is reported out on H.R. 7576, relating to an authorization for the Atomic Energy Commission, we will try to get that bill up for consideration.

I make the usual reservation that conference reports may be brought up at any time, and that any further program may be announced later.

In relation to the inquiry of the distinguished minority leader about July 4, it is the hope of the leadership that the legislative business for next week will be disposed of by Thursday of next week, in which event, with July 4 coming on the following Tuesday, I will ask unani-

mous consent that the House adjourn from next Thursday until the following Monday, and then link that up with a unanimous-consent request that on the following Monday there be no business and that when the House adjourns on that day it adjourn to meet the following Thursday, July 6. In other words, we are hopeful we will dispose of the legislative business by Thursday of next week, in which event there will be no legislative business until the following Thursday, or a week later.

Mr. HALLECK. I thank the gentleman.

Mr. FARBSTAIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FARBSTAIN, of New York: Page 97, after line 9, insert the following new section:

"INCLUSION OF STORES AND OTHER NONDWELLING FACILITIES IN LOW-RENT HOUSING

"SEC. 207. The first sentence of paragraph (1) of section 2 of the United States Housing Act of 1937 is amended to read as follows: 'The term "low-rent housing" means decent, safe, and sanitary dwellings within the financial reach of families of low income, and developed and administered to promote serviceability, efficiency, economy, and stability, and embraces all necessary appurtenances thereto, including such stores, offices, and other nonhousing facilities as well as social, recreational, and communal facilities as may be deemed by the public housing agency (with the approval of the authority) to be necessary or desirable for such housing.'"

Mr. FARBSTAIN. Mr. Chairman, this is a very simple amendment. All it seeks to do is to give permission to the local authorities to build stores in public housing projects. This may or may not be a world shaking matter, however, it is very important to the housewives who presently have to walk six and eight blocks in order to buy a loaf of bread or to buy milk. I do hope the amendment will prevail.

Mr. RAINS. Mr. Chairman, I rise in opposition to the amendment.

There is some merit to the amendment offered by the distinguished gentleman, but I cannot imagine this House, without going into a study of it, being willing to put public housing money into the bill to go into the building of stores in these particular places. So with much regret, I must oppose the amendment and I hope it will be voted down.

Mr. FARBSTAIN. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from New York.

Mr. FARBSTAIN. Is it not true that this amendment has been before the House for the last 5 or 6 years?

Mr. RAINS. It has.

Mr. FARBSTAIN. And does the gentleman not think that that is sufficient time to study it?

Mr. RAINS. We have studied it and, so far, have come up with an adverse answer. I do not believe the amendment ought to be approved.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. FARBSTAIN].

The amendment was rejected.

Mr. RYAN. Mr. Chairman, I offer an amendment which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. RYAN, of New York: On page 111, after line 6, insert the following new section:

"PROHIBITION OF LUXURY HOUSING IN REDEVELOPMENT OF URBAN RENEWAL AREAS

"SEC. 315. (a) Section 105(b) of the Housing Act of 1949 is amended by striking out 'and (iii)' and inserting in lieu thereof the following: '(iii) to give satisfactory assurances (with appropriate provision for enforcement) that, in order to insure that any rental housing or cooperative housing which may be constructed on such property in the redevelopment of the area will assist in fulfilling the housing needs of persons from the middle-income segment of the population, the monthly rentals (or, in the case of cooperative housing, the monthly amount payable as carrying charges) to be established for living accommodations in such housing will not exceed \$35 per room or such lower amount as the local public agency may determine to be appropriate in view of the accommodations offered and the income levels of the persons who will be the occupants thereof; and (iv)'."

"(b) Section 110(c)(4) of such Act is amended by striking out 'for uses in accordance with the urban renewal plan' and inserting in lieu thereof 'for uses in accordance with (A) the urban renewal plan, and (B) the applicable contract made with the local public agency as provided in section 105.'"

(Mr. RYAN asked and was given permission to revise and extend his remarks.)

Mr. RYAN. Mr. Chairman, I should like to commend the distinguished chairman and the distinguished members of the Subcommittee on Banking and Currency for the excellent presentation of the bill which is before us. My amendment would add a provision to the bill and is concerned with the title I program of the Housing Act of 1949. I am concerned because through experience we have seen there are many inequities in that program, as it has been applied and administered by the various cities which have come under the program.

Mr. Chairman, I offer an amendment which will correct what I believe to be a flagrant abuse in the title I housing program. It would prohibit the subsidy of luxury housing in urban renewal areas and establish a ceiling on rents in residential housing constructed with the benefit of a title I land write-down.

More than a decade after the enactment of the Housing Act of 1949, one of the major problems facing our cities is the lack of decent safe living accommodations for low- and middle-income families. This is so in New York and across the Nation.

In general, there is public housing for low-income groups—not sufficient—but H.R. 6028 will authorize 100,000 more units. The private developers both with and without title I have built luxury housing for high-income groups. However, we have failed to meet the needs of the middle-income citizen, the average urban dweller. The provisions of H.R. 6028 which extend the scope of section 221(d)(3) certainly should help. But this is not the answer.

My amendment is consistent with the declaration of national housing policy set forth in the Housing Act of 1949:

The Congress hereby declares that the general welfare and security of the Nation

and the health and living standards of its people require housing production and related community development sufficient to remedy the serious housing shortage, the elimination of substandard and other inadequate housing through the clearance of slums and blighted areas, and the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family.

The assistance provided localities through land cost write-down was designed to provide housing particularly for moderate-income and low-income families. It was not intended for upper income groups, nor was it intended exclusively for low-income families. The Housing Act of 1937 and title II of the act of 1949 sought to provide housing for low-income families.

Title I was intended to provide a means to combine the efforts of private industry and public housing authorities to redevelop slum areas and blighted city neighborhoods. At the same time, it was to provide suitable living accommodations for all American families who could not afford luxury housing.

As originally conceived, title I projects were supposed to develop predominantly middle-income housing.

This has not been true in practice.

Rental projects subsidized by title I write down in land costs are renting in New York City anywhere from \$40 to \$246 per room per month. In New York City the mean rent per room for 11 title I projects is \$44.77. Such rentals can hardly accommodate middle-income families. According to an exhaustive New York State study, middle-income rentals should range from about \$17 to \$29 per room per month, not from \$40 to nearly \$250.

Obviously, when title I is used for such luxury housing, accommodating the displaced, low-income-site tenants is completely out of the question. Instead, they are all too often driven to worse slums.

Let me cite two examples. A title I project originally called Manhattantown is now nearing completion after 10 years. After they had milked the property without building and scandalously exploited the site tenants, the original sponsors were removed. The site was turned over to Webb & Knapp which produced luxury housing. Today rents are \$49 per room and up.

The original sponsors, who had already cleared \$600,000 were awarded with a half-million dollars a year on the Webb & Knapp profits.

After the Wall Street Journal interviewed Mr. Zeckendorf, it reported that he "also predicts profits of \$1.5 million a year from the 2,522 apartments plus shopping center Park West Village, on New York's upper West Side, just off Central Park, after the project is completed in 1960."

"That is equal to all the cash we put in it," said Mr. Zeckendorf.

Let us look at the Washington Square Village development in Greenwich Village. This title I project cost the city and the Federal Government \$15 million in subsidies. Apartments rent for up to \$246 per room per month, and penthouses for \$6,000 each per year.

Since in the larger cities, it is rental housing which is most needed, it seems fairly obvious that those most affected by urban renewal operations—the aged, those with low-income, the minorities, and the lower-middle income larger families—are not the groups for whom the majority of redevelopment housing is designed to accommodate. With the exception of public housing there have been few instances in the history of slum clearance and urban renewal in which private housing in an urban renewal area has been sufficiently low in cost to permit the return of those displaced—either as home owners or renters.

Title I should be used to achieve the avowed purpose of the Congress in setting up the program—a decent home for every American family.

In order to do so, I propose that monthly rents be no higher than \$35 per room per month.

This figure is based upon the New York City Planning Commission's middle-income housing averages of \$21 to \$30 per room per month, and the New York State task force report on middle income housing which found middle income housing to be \$17 to \$29 per room per month. Since it is difficult to arrive at a fair formula for all localities, I have added \$5 a month to the top limit of \$30 per room, and my amendment provides that each local public agency may determine a lower limit. It is obvious that a maximum of \$35 per month per room does not necessarily provide middle income housing. Medium income for families in 1960 was estimated at \$5,600. Under the maximum \$35 per room a five-room apartment—the average family needs two bedrooms—would rent for \$175 per month.

According to the National Housing Conference and other housing experts rent should equal one-fifth to one-quarter of annual income. For a family to be able to afford to pay \$175 per month, the family income should be approximately between \$8,400 and \$10,500. A great number of families in this income group have difficulty in finding new rental housing at prices they can afford. However, I fully realize that housing at \$35 per room would still not help many of those families who earn above the income limit for public housing and below the income level necessary to afford private rental housing. It must be remembered that this is a maximum figure intended as a guide and a measure to prevent the building of luxury housing with taxpayers' money.

If the citizens of the United States are to pay the costs of renewing and revitalizing the Nation's urban centers, then the majority of the citizens should reap the benefits—not a minority of high-income families and investors and developers.

Whether we wish to face it or not, Mr. Speaker, we do have a crisis in housing. We have not provided adequate housing for the lower middle-income and low-income families. These citizens have not been accorded the right to a decent home in a suitable living environment, in keeping with the general rise in the Nation's standard of living. This is true, in spite of the fact that the Federal

housing programs have as one of their major objectives the improvement of housing conditions of all American families.

The solution of the housing crisis is within our grasp. In the fight against slums, urban blight, overcrowding and the critical housing shortage, the Federal Urban Renewal Program can be a potent weapon. This program, however, can be an effective weapon in our cities' struggle for survival only if we exclude luxury type housing from urban renewal areas.

The rebuilding of urban renewal areas with high-cost rental and sales housing has been justified by the arguments that the cities need to attract the upper middle-income families back into the city to help pay for the high cost of services; that the only way to build low-cost housing on the cleared slum sites is through a subsidy—and that this would be unwise.

What greater and more wasteful subsidy can there be than that which many cities are currently paying in the form of increased costs of municipal services to slums and deteriorating neighborhoods? Statistics have been assembled which show that an overcrowded, deteriorated neighborhood requires greater expenditures for police and fire protection and prevention and other services. The social costs of poor physical and mental health, and the general personal and family disintegration which occurs in a slum environment, have been cited time and time again.

The process of urbanization of the country has brought more and more low-income rural families into the cities. All indications point to a continuation of this in migration. Where will they be housed if some of the new construction is not within their means? In most cities new construction is taking place in the urban renewal areas. If newcomers are unable to benefit from this housing, their main choice is an established slum. If one is not available, one will be created, because traditionally there have been landlords who were eager to maximize their profits by converting single family homes into multi-family dwellings. Once this happens in one house on a block, and once the newcomers discover that this housing is available, the machinery of slum building has been put in motion—all because there is insufficient housing at a cost within the means of low-income families and individuals.

Charles Abrams and others have repeatedly warned that present housing policy geared as it is to the welfare of the greater pressures instead of the greater number, has grave social and economic implications for the future. I join this housing expert in pleading for a reexamination of our housing programs with a view to devising some new formulas which will provide housing for those whose need is the most urgent—the lower-income family, the large, middle-income family, the aging couples and single individuals—and last but not least the slum dweller. A step in this direction would be to require the rebuilding of urban renewal areas to meet the needs of these groups—let them en-

joy the benefit of the write-down in land costs now allotted almost exclusively to the luxury-type homebuilding and his upper-income tenants.

We must make the cities—the nerve centers of our progress and our life as a nation—desirable, places in which to live, work, and play. We cannot do so if we do not redevelop our worn-out neighborhoods to accommodate a cross section of the population.

We can move toward this goal by adopting this amendment and closing the era of housing history when the Federal Government subsidized luxury housing.

Mr. LINDSAY. Mr. Chairman, will the gentleman yield?

Mr. RYAN. I yield.

Mr. LINDSAY. The gentleman is on the right track. The difficulty with his amendment however, is that the ceiling is too high.

Mr. RYAN. I agree with the gentleman.

Mr. LINDSAY. Rentals in this area should be kept around \$20 to \$26 per room per month.

Mr. RYAN. I agree with the gentleman, but what I am trying to do is to set a maximum, which would serve as a guide to local authorities. My amendment authorizes them to fix a lower limit. What I am trying to do is prohibit luxury housing. The construction of luxury housing with Federal subsidies seems to me to be a misuse of the taxpayers' money.

Mr. RAINS. Mr. Chairman, regretfully I rise in opposition to the gentleman's amendment. The purpose of his amendment is, really, rent control, and I suggested to the gentleman that he take the time to bring the amendment before the committee and let us study the matter. I am quite sure it would be extremely detrimental to this section of the bill. I ask for a vote and hope the Committee will vote the amendment down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. RYAN].

The amendment was rejected.

Mr. MARSHALL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MARSHALL: Page 162, line 21, after line 21, insert the following new section:

"SEC. 806. (a) Section 508 of the Housing Act of 1949 is amended by striking out 'of \$5 per day' in subsection (a) and inserting in lieu thereof 'determined by the Secretary'.

"(b) Section 508 of such Act is amended by striking out 'their opinions of the reasonable values of the farms' in the second sentence of subsection (b) and inserting in lieu thereof 'as to the amount of the loan or grant'."

(Mr. MARSHALL asked and was given permission to revise and extend his remarks.)

Mr. WIDNALL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WIDNALL. Do I understand this to be an amendment to title I?

The CHAIRMAN. No; the amendment is offered to the language on page 162.

Mr. MARSHALL. This has to do with the farm housing part of the program. The CHAIRMAN. The gentleman from Minnesota is recognized in support of his amendment.

Mr. MARSHALL. Mr. Chairman, this amendment is offered for the purposes of simplifying the administration of the farm housing title of the act. The amendment consists of two sections. The working of both sections is intended for much the same purpose of making administration easier.

The first has as its purpose to make the pay of committeemen comparable with that for other work which these same committeemen perform in carrying out Farmers Home Administration activities.

In many counties in the United States, committeemen doing work assigned to them for the USDA in approving production and subsistence loans and farm-ownership loans for the Farmers Home Administration will be called upon to do some work on the same day and in the same location in approving loans under the same housing provision of the act we are now considering. The Secretary of Agriculture, it seems to me, ought to have the privilege of setting the same per diem rate for these activities. When he is unable to set the same rate of pay it makes unnecessary and complicated bookkeeping.

The Secretary of Agriculture selects these committeemen to approve loans and applicants for loans. These committees are rendering a fine service by their knowledge of local conditions and their ability to bring good management into these programs. As long as the Secretary of Agriculture, through the FHA, administers these related programs, it is hoped that he will have the privilege of setting an identical rate of pay for this similar work. That is what my amendment intends to make possible.

The second part of my amendment also relates to the committees and deals with the certification of the amount of the loan. I am sure it was never intended by the Congress that the county committees should be entering into the mechanics of the farm appraisal. This part of the amendment is to make it clear that the mechanics of the appraisal should be done by the technicians of the Department of Agriculture and made available for the use of the committee when they certify the amount of the loan. The committee must continue to certify the applicant's eligibility, including his character, ability, and experience and shall have at their disposal all of the technical information relating to the loan itself of which the appraisal is an important part.

By clarifying and clearing this omission in the act, it will greatly expedite the making of farm housing loans and enable the county committees to act in an economical and efficient manner.

I urge the adoption of the amendment since I sincerely believe it to be a time-saving and money-saving improvement that will provide more efficiency and better service.

Mr. RAINS. Mr. Chairman, will the gentleman yield?

Mr. MARSHALL. I yield to the gentleman from Alabama.

Mr. RAINS. I will say to the distinguished gentleman I think he has an exceptionally fine amendment to both sections, and the amendment ought to be adopted and I hope it will be adopted. It is better language than we have in the bill and also conforms with the practice which they now use and have been using. I hope the Committee will vote for the amendment.

Mr. MARSHALL. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. MARSHALL].

The amendment was agreed to.

Mr. LINDSAY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LINDSAY, of New York: An page 97, after line 9, add the following new section:

"NONDISCRIMINATION IN PUBLIC HOUSING

"SEC. 207. Notwithstanding any other provision of law, no contract for annual contributions for additional dwelling units shall be entered into under the United States Housing Act of 1937 after the date of enactment of this Act, and no annual contributions or other assistance shall be provided with respect to dwelling units covered by such a contract, if there is or (under the contract and related instruments) is permitted to be any discrimination in the admission to or occupancy of such dwelling units on account of race, religion, color, ancestry, or national origin."

Mr. LINDSAY. Mr. Chairman, this amendment does not require much elaboration. It applies to public housing and says that public housing Federal funds shall not be used for discriminatory purposes.

Mr. RAINS. Mr. Chairman, I think the gentleman has offered an amendment to another part of the bill which has already been acted on. He had better check his amendment.

Mr. McDONOUGH. Mr. Chairman, the bill was considered read and open for amendment.

Mr. RAINS. It was not open to what already had taken place.

Mr. LINDSAY. Mr. Chairman, I do not yield further.

Mr. RAINS. Mr. Chairman, I make a point of order against the amendment.

Mr. GROSS. Mr. Chairman, a point of order. The gentleman's point of order comes too late. The gentleman from New York had already been recognized.

The CHAIRMAN. Will the gentleman restate his point of order?

Mr. RAINS. I will state my only fault was I did not get up in time. It was correct, but I failed to get up in time.

The CHAIRMAN. The Chair was going to overrule the point of order anyway because the gentleman from New York had been recognized.

Mr. LINDSAY. Mr. Chairman, I am a pro housing man and have been ever since I have been a Member of Congress. I have also been a pro public housing man because I know what it means to my district and to the city of New York and to all of the great urban centers of this country.

And, I will say to the distinguished gentleman from Alabama, that I have walked up the aisle with him on housing matters; I have done so in connection with public housing. At times I assure my friends on the Democratic side that it was not easy, because there is some disagreement on my side of the aisle on the public housing question. Having done so, now let me say this: that I will vote for programs when I think that they are important to the health and future of this country. But at the same time I will expect that you on the majority side will stand up and be counted on a matter of principle regardless of the special provincial pressures you might be under. Why should we provide Federal funds to perpetuate practices of discrimination in one-third of the country and, indeed, in many other areas of the country? And, do not let anybody suggest for one moment that this amendment to the public housing section of the bill will kill the whole bill, because it will not. In the first place, it is limited to one section of the bill. In the second place the distinguished chairman of the committee, the author of the bill, is too much of a statesman and has pride in his bill; in the third place, the leadership would not allow it at this stage of the game and you know that as well as I. So, I can assure you that anybody who suggests to you that you must vote against the amendment, which says that Federal funds in public housing shall not be used where there is discrimination, is way off the track, because this housing bill will pass, and you know it as well as I do. I will vote for the bill and I am willing to take the abuse that I may possibly have to take from my side of the aisle for voting for it. All I ask is that you on the majority side stop this unholy coalition when it comes to matters involving individual rights. The President of the United States on three occasions in the campaign stated that in January he would have a civil rights bill before the Congress. January came, February, March, April, and May. No civil rights bill. And then, when the distinguished chairman of the House Committee on the Judiciary, the gentleman from New York [Mr. CELLER], introduced a bill, the administration went out of its way to disassociate itself from the bill. So, when they suggest to you that there is Executive power here to do what I seek to do by legislation, think twice, because we have had broken promises down the line since January on this question. I need not talk further. I have walked up the aisle with you. Now let us see you walk up the aisle with me.

Mr. RAINS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I will say to the distinguished gentleman that he was very generous in his remarks. Why did he not put his amendment across the board? Why not put it on FHA? Why not put it on other programs? It is limited only to public housing in an effort to kill it. I have been here and I have watched this maneuver time after time, but at the same time the real intent and purpose of it is to kill the bill. All right. Experience is a dear teacher,

and when you have faced it as many times as I have, you know that is true. Yes, the gentleman from New York knows it, too, and so do we all.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from Indiana.

Mr. HALLECK. Well, I have heard that sort of an argument when there was the Powell amendment offered to the school bill here in the House last year. The Powell amendment was adopted, as I remember it, and the bill went on to passage.

Mr. RAINS. I also saw this very same maneuver many times fail because we know that it was meant to kill the bill.

Mr. THOMPSON of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from New Jersey.

Mr. THOMPSON of New Jersey. The gentleman from Indiana is correct in that the amendment was adopted here and the bill passed, but thanks to the gentleman from Indiana and his friends on the Rules Committee a conference was refused and the bill never became law largely on that account.

Mr. LINDSAY. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman.

Mr. LINDSAY. I would like to say that anything that has been said by the distinguished chairman or by the distinguished gentleman from New Jersey [Mr. THOMPSON], has absolutely nothing on earth to do with this amendment that I have proposed.

Mr. RAINS. That is your opinion. You know there are other people who have different opinions and who have observed this long enough, and they do not agree with that observation.

Mr. LINDSAY. Does the gentleman wish to continue the practices of discrimination in public housing?

Mr. RAINS. We are interested in passing this bill for the poor people in the gentleman's district regardless of who they are, and he does not think the gentleman is doing them a service when the gentleman seeks to scuttle it by this kind of maneuver.

Mr. McDONOUGH. Mr. Chairman, will the gentleman from Alabama yield to me?

Mr. RAINS. I yield to the gentleman.

Mr. McDONOUGH. The gentleman knows that all through this debate I have been quite active in attempting to defeat his bill.

Mr. RAINS. Yes; I will agree with that.

Mr. McDONOUGH. I will say this, so that the House may know: The gentleman from New York [Mr. LINDSAY] never introduced that amendment at my request, nor with any urging on my part, and as far as the other members of the committee are concerned, I doubt if they were consulted. I believe he is sincere in his efforts to accomplish what he believes should be the law in public housing.

Mr. RAINS. I am not charging him with insincerity.

Mr. RYAN. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, without delaying the proceedings, I merely want to say that I believe this is an issue of principle; and I intend to support the amendment. I introduced legislation in the House which would, if adopted, affect all housing and require nondiscrimination across the board. If this amendment were across the board, I would support that.

I am also very much concerned that this housing bill pass, and I believe it will.

Mr. MULTER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I take my hat off to no Member of this House on my stand for civil rights.

This amendment is completely unnecessary in this bill. The gentleman who offered it knows he does not need it in the State of New York nor in the city of New York where we have local statutes against discrimination and there they are across the board. Why does he offer it to this bill, and why only to the public housing provision? Perhaps he would like to see the bill carry with it; I doubt it.

The fact of the matter is in offering this amendment—and I say this from long years of experience—because in my early days of service I offered a similar amendment to a housing bill.

Mr. LINDSAY. Mr. Chairman, will the gentleman yield?

Mr. MULTER. Not at the moment.

Mr. LINDSAY. The gentleman mentioned my name. I think the gentleman ought to yield.

Mr. MULTER. Not at the moment.

I offered a similar amendment to a housing bill, but across the board, and I know from that experience that a housing bill cannot prevail with this kind of amendment. When you bring a civil rights bill before the House, and present the issue, we will all stand up and be counted, as we have done in the past.

There is no need to complicate this legislation with an amendment of this kind, offered against a particular part of the bill, when all it can do is garner some votes against the bill.

Mr. LINDSAY. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from New York.

Mr. LINDSAY. The gentleman has impugned my motives in offering this amendment. The gentleman should take time to examine my voting record on housing.

Mr. MULTER. I did not impugn the motives of the gentleman from New York. He may have offered his amendment in the best of faith, but if he did, then it was with lack of knowledge that the adoption of this amendment will kill this bill. I urge all of my colleagues who are as strong for civil rights as I am to vote this amendment down. This will add nothing to this bill. It may prevent its passage.

There is more than ample authority in existing law for the executive departments to prevent discrimination of any kind for any reason whatsoever, in every

Federal program including all of our housing programs.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. LINDSAY].

The question was taken, and the chairman announced that the yeas appeared to have it.

Mr. LINDSAY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. LINDSAY and Mr. RAINS.

The committee divided, and the tellers reported that there were—ayes 132, yeas 178.

So the amendment was rejected.

Mr. HAGAN of Georgia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HAGAN of Georgia: Page 168, after line 10, insert the following new section:

"DISPOSAL OF NATHANAEAL GREENE VILLA
HOUSING PROJECT

"SEC. 905. Notwithstanding the provisions of section 606 of the Act entitled "An Act to expedite the provision of housing in connection with national defense, and for other purposes", approved October 14, 1940, as amended, and any agreements entered into thereunder, the Housing and Home Finance Administration and the Public Housing Administration are authorized and directed to agree to the sale by the Housing Authority of Savannah, Georgia, to the City of Savannah, Georgia, of all right, title, and interest in and to Nathanael Greene Villa (low-rent housing project GA-2-8; formerly war housing project GA-9041), for a total price of \$275,000, which shall be paid to the Administration and deposited by the Administration in the Treasury as miscellaneous receipts in accordance with section 606(d) of such Act."

And redesignate the succeeding sections accordingly.

Mr. RAINS. Mr. Chairman, this amendment has been cleared with the Agency. It is the usual way in which they dispose of some Lanham Act housing. There are always items of this nature in the bill.

I have no objection to the amendment.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. WIDNALL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WIDNALL: Page 118, strike out line 15 and all that follows down through page 119, line 11.

And on page 118, line 9, strike out "(a)".

Mr. WIDNALL. Mr. Chairman, this is a very short and simple amendment and gives you an opportunity to save \$800 million. It gives you a chance to support your President and my President when he recommended that the special assistance Fannie May section of this bill contain \$750 million, and not \$1,550 million as it came out of the House Banking and Currency Committee.

I just want to remind the House that we in this chamber heard President Kennedy at a special joint session ask us to refrain from enlarging programs, and this does enlarge the housing program by \$800 million.

I wish to read a very short part of the Senate debate. Senator ROBERTSON of the Senate Banking and Currency Committee said:

I call the Senator's attention to the fact that the subcommittee wanted to extend the section to moderate incomes, and evidently felt the same way about it, because it put in \$750 million for FNMA to buy them, plus \$750 million to be used at the discretion of the President.

I ask you to please pay special attention to this statement that Senator ROBERTSON made:

The President sent word, "Do not give me this \$750 million; \$750 million is enough. I do not want the additional \$750 million." Therefore \$750 million was put in here to finance the program with 100 percent Government money. That shows how much they think banks and savings and loans will take these mortgages.

Seven hundred and fifty million dollars was put in here to finance the program 100 percent. There is no need for an additional amount.

There was in the FNMA special assistance function only \$3,604,431 this year as of March 31, 1961, so there is undoubtedly less today. In the management and liquidating function there was only \$2,076,773 on the same date.

And it is proposed under this bill to take funds that would normally go to the Treasury to be applied on the budget. We would take it and use it to create a further deficit as far as our own national budget is concerned.

I urge the adoption of this amendment. It is in conformity with the request of President Kennedy as the bill was presented to the House Banking and Currency Committee for consideration.

Mr. RAINS. Mr. Chairman, the two items which the distinguished gentleman seeks to cut out of FNMA are not new and additional appropriations. It is money already in the possession of FNMA for housing. It includes \$200 million remaining from the Emergency Housing Act of 1958, and about \$150 million in annual repayments on the liquidation portfolio of FNMA for a period of 4 years. It seeks to give to FNMA a sufficient amount of mortgage-buying capacity to take care of the programs which this House has already adopted. It does it without taking an extra dollar because the money is already in FNMA. It is a bookkeeping entry and a bookkeeping entry only.

I may say, if the program on rental housing under title I is to be carried out, and if these other programs which have been enacted into law are to be carried out over this period of time, it is clearly evident that FNMA will need the right to use this money which is already in the FNMA program.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from New Jersey.

Mr. WIDNALL. I read into the record figures from the balance sheet of the Federal National Mortgage Association as of March 31, 1961. The latest figures show there was \$3,400,000 available in the special assistance fund and in the liquidating fund, a segment of that, \$2,673,000. Where will they get

the \$800 million to buy these mortgages except by further borrowing by the Treasury?

Mr. RAINS. They will get the \$750 million which the gentleman does not seem to object to as new authority, and the additional amount of money he objects to, put in by this committee, is only a bookkeeping arrangement. The vast amount of all of the FNMA purchases which are needed and necessary in this sales housing have been in the South and West where it is almost impossible to get a loan without extremely high and unreasonable discounts. The purpose of this money in FNMA is to eliminate the terrible discounts which exists in those sections.

Mr. WIDNALL. Has the gentleman received word from the President of the United States that he needs additional money to operate FNMA during the next budgetary period?

Mr. RAINS. I can put it this way: I have not received word from the President of the United States that he is opposed to this in the bill. I do not know that he will sign it, he has not told me, but I thought we had separate divisions of Government and I assumed we could do a little legislating on our own.

Mr. WIDNALL. I thought that, too.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. WIDNALL].

The amendment was rejected.

Mr. JENSEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JENSEN of Iowa: After the last section of the bill, add a new section as follows: "It will be unlawful for any borrower under the provisions of this act to utilize same for the purpose of speculation."

Mr. JENSEN. Mr. Chairman, I am sure that every Member of this House who wants this bill to become law desires it for the people who need a home. I have been informed that there is considerable speculation going on at the present time under existing law. Certainly this sort of speculation in my book almost borders on the criminal when so many people need roofs over their heads. My amendment is plain, understandable, and I hope it will be adopted.

Mr. RAINS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am quite sure that the intent and purpose of this amendment of my distinguished friend is good, but under present FHA regulations before a man can get a loan he must certify that he is going to live in the house. And, no one would want to say to him that since you have gone out and borrowed your money, that you are fastened with this house; you cannot sell this house for more than you gave for it; therefore you have to stay in it all the time.

Mr. JENSEN. I just cannot take that as an answer.

Mr. RAINS. Why not?

Mr. JENSEN. You know what a speculator is.

Mr. RAINS. Yes, I know, but you are not getting after him in this amendment.

Mr. JENSEN. Oh, yes, you are.

Mr. RAINS. By whose definition?

Mr. JENSEN. Whose? Webster tells you who he is, and I will read the definition: One who speculates in business, one who engages in speculation as in bonds, stocks, and real estate. And, any judge and any court will soon decide who a speculator is.

Mr. RAINS. I will say to the gentleman that the man he has described cannot qualify for FHA loans.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. JENSEN].

The amendment was rejected.

Mr. RYAN. Mr. Chairman, I offer an amendment.

Mr. RAINS. Will the gentleman from New York yield so that I may inquire of the distinguished gentleman from California if there is any chance that we can arrive at a time when all debate will cease?

Mr. McDONOUGH. Yes. I would agree to 7:15.

Mr. RAINS. Mr. Chairman, I ask unanimous consent that all debate on the bill and all amendments thereto close at 7:15.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. RYAN: On page 99, strike out lines 17 through 24 and insert the following:

"RELOCATION PAYMENTS

"Sec. 303. (a) Section 106(f)(2) of the Housing Act of 1949 is amended by striking out the last two sentences and inserting in lieu thereof the following: 'Such payments shall be in amounts sufficient to cover such moving expenses and losses of property, and shall be made in accordance with rules and regulations prescribed by the Administrator.'

"(b)(1) The first sentence of section 106(f)(2) of such act is amended by striking out 'except goodwill or profit' and inserting in lieu thereof 'including losses and expenses described in paragraph (4).'

"(2) Section 106(f) of such act is further amended by adding at the end thereof the following new paragraph:

"(4) In determining losses of property for purposes of paragraph (2)—

"(A) a tenant who is displaced from the project area may include an amount equal to the difference in cost for 1 year between the rental paid for his accommodations in such area and the rental required to be paid for his accommodations at the replacement site;

"(B) a business concern which is displaced from the project area and relocated at a replacement site may include an amount equal to its loss of profit for the first year after such relocation as determined by the Administrator; and

"(C) a business concern which is displaced from the project area and which, after reasonable efforts, is unable to obtain a suitable replacement site within 1 year after the date it is required to vacate the project area may include an amount equal to the fair and reasonable market value of its trade or business unless it is offered a priority of opportunity to purchase or lease substitute facilities to be constructed or provided in connection with the development project."

(Mr. RYAN asked and was given permission to revise and extend his remarks.)

Mr. RYAN. Mr. Chairman, this amendment is directed at some of the problems which have been created in the relocation of residential and commercial tenants on urban renewal sites. I believe that this is an area which also needs correction.

I believe that the urban renewal program should provide priority of opportunity for tenants to return to and relocate in the urban renewal area. I also believe that the local public agency should be required to complete the relocation of displaced individuals, families, and business concerns before turning property over to the sponsors. I hope that there will be future legislation to accomplish this.

I now turn to my pending amendment.

The amendment which I propose is one which is vital to the continued efficiency of the urban renewal process. This change in the relocation compensation requirements of title I of the 1949 Housing Act seeks to lift some of the burden of urban renewal operations off the shoulders of the ordinary citizen. Section 106(f)(2) of the 1949 act would be amended to require that relocation payments be in amounts sufficient to equitably cover the moving expenses and losses of property of both families and business concerns.

H.R. 6028 now pending before this body has recognized, in part, the hardship suffered by some small business concerns. However, its provisions do not include compensation for the full loss incurred by business enterprises; and it does not increase the allowance for moving costs for families. It does not provide for those concerns, which are stripped of all assets beyond fixtures and equipment, and for those families which incur moving expenses in excess of \$200. Small business concerns on urban renewal sites which have rented or leased their accommodations are only paid for the cost of moving. Only the landowners are paid for the value of land and buildings. Payments for the losses sustained during the period leading up to the time when they must vacate their premises; the lack of income during the time required to relocate; and costs involved in the process of adjusting to new neighborhoods and in finding new customers are not allowed.

Moving costs for families have been documented as being in excess of \$200 in many instances, and relocation records reveal that the majority of the displaced families experience increases in rental costs.

Data collected and analyzed by Dr. Kinnard of Connecticut University under an SBA grant indicate that many small business concerns have been adversely affected by the urban renewal operations of cities. Even before it is necessary for the small business to vacate their premises, their clientele diminishes as more and more families and individuals relocate outside of the urban renewal area. No compensation is available for this loss. Added to this loss is the lower income received while they are reestablish-

ing their enterprises in new quarters where they are not known.

Some theorists will say that marginal operations which characterize some of these small concerns would not have a long business life under any circumstances. Be that as it may, if the business represents a man's livelihood—no one, not even a public agency operating in the public interest has the moral right to take it away without some remuneration. Fortunately, some of these small concerns have fared considerably better in the quarters to which they have relocated, but these are isolated incidences. Most of the small business enterprises found in prospective urban renewal areas were established with a minimum of capital and have been able to continue in business because they were located in low-rent commercial premises. The financial burden of increased rentals, coupled with decreased clientele has made it necessary for some of them to cease their business operations. Under these circumstances, they should not be forced to bear the full financial strain of their forced discontinuation.

It is my belief that these small business concerns should receive the following compensation:

First. The difference in rental cost for 1 year between the old premises and the new quarters;

Second. The first year's loss of profit due to relocating their operations;

Third. Compensation at a reasonable market value for a trade or business which has been unable to find suitable replacement quarters, within 1 year after displacement unless offered a priority to purchase or lease facilities in the development project.

These considerations should be granted the small business concerns affected by urban renewal operations, in addition to their receiving technical advice and personal assistance in securing a replacement site. My particular interest is, of course, the city of New York, but the problem of small business relocation is not confined to the larger cities. The records of the Housing and Home Finance Agency reveal that 60 percent of the cities undertaking urban renewal have populations under 50,000 and 100 urban renewal projects are in process in towns of 10,000 or less.

This represents a national problem. The corner grocer, the cleaner, the barber, the druggist, the small dress shop, the little bookstore all have a contribution to make to the national economy. They are necessary to the people who buy from them and are vital sources of income for their wholesalers and the manufacturers. The fact that we have a separate Federal agency which operates in the interest of small business attests to the importance of this segment of our economy, and fortifies the traditional democratic principle of encouraging individual enterprise. The specific problems of the small business entities affected by urban renewal operations should be accorded full consideration in keeping with this principle.

Lewis Mumford, a scholar and historian, who is probably better informed on the processes of urban living than

anyone in this country, made the following observation at a recent meeting of the American Institute of Architects:

The things that give meaning to life are not included in the budget of big urban renewal projects. The great boulevards of Paris need the cafe to translate the large-scale order of movement into the intimate order of repose, conservation, and human stimulation. The off-Broadway theaters and the expresso bars have done more for the culture of the city of New York than acres of pretentious etheticism.

On a somewhat different scale, the corner grocer and the barber and the lunchroom make their contributions to the culture of particular neighborhoods. They have both a social and an economic service to render their community. One of the conclusions reached by Dr. Kinnard was that—

When businesses do relocate successfully, an economic gain for both the community and the firm is likely to result. The problem is to keep the economically defensible firm in existence long enough to survive the relocation.

One way to assist in the survival of these firms is to make available adequate financial compensations for losses attributable to relocation. Such compensations would be available under my proposed amendment. This amendment would also reduce the financial and mental strain of the families and individuals who are forced to move from their low-rent accommodations.

Mr. LINDSAY. Mr. Chairman, will the gentleman yield?

Mr. RYAN. I yield to the gentleman from New York.

Mr. LINDSAY. The gentleman's amendment is a good one, and he should be commended for it. It is deserving of support.

Mr. RAINS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, we have all of the aids about which the gentleman talks for small businesses in the bill. He asked about payment for goodwill, which is not practicable. The amendments have not been studied by the committee. We invited the distinguished gentleman to bring them to the committee and present us with testimony, which has not been done.

I therefore ask the Committee to vote down the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

[Mr. JUDD addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. ALGER. Mr. Chairman, I want to join with those colleagues who wrote the minority report and those Members who have shown the fiscal irresponsibility of this housing bill.

As a former land developer, realtor, and builder, I am aware more than most that this will not help the building industry. These are the tools of destruction of private enterprise. This bill will not help people secure better homes, rather it will make them dependent upon Government and assure slum-living con-

ditions and, in time, respectable and respectful home ownership, the backbone of American family life, will be destroyed.

I just do not believe that Members of this body can conceive that this bill will help our citizens. Basically the tremendous increase of Federal spending means necessarily an increase in taxes and/or inflation of currency through deficit financing, which in turn will further handicap and hamper private enterprise in all fields of construction which in turn will mean more business failures, more unemployment, less production; indeed, less tax revenue for the Government.

Unfortunately, the expedient, temporary help given the building industry and the lending institutions through this bill will not help permanently, but will harm permanently, both our citizens and the building industry itself.

The increase of urban renewal by over \$2 billion increases the danger of the taking over of property under the power of eminent domain "for spiritual and aesthetic reasons" as decreed by the Supreme Court decision.

This is a frontal attack on the right to own private property wherein further subsidies will destroy human character and dignity, and create slums of the future.

The aid for community facilities is redundant to the same aid in other programs and transgresses again the prerogatives of local governments.

Back-door spending of \$8.8 billion further transfers government control into the hands of the executive and prevents Congress from exercising constitutional prerogatives, as the watchdogs of the purse strings.

Finally, the open space and land development title of the bill, title VII, allows the Federal Government to control the future development of land around urban areas and be a roadblock to private entrepreneurs, whose development efforts necessarily must flourish in order to fill the need for new housing, school, and marketing facilities.

I can only assume that those colleagues and those in the administration who insist on the passage of this bill are misinformed and misunderstand the building industry and, indeed, the entire nature of free and private enterprise.

It is my earnest hope that this bill will be defeated and replaced by a more sensible version, greatly reduced in size, and without the new experimental departures, which in this bill have not even been subject to public hearings. This is a bad bill and should be defeated.

Mr. RODINO. Mr. Chairman, as a longtime supporter of progressive, enlightened housing legislation, I am proud to stand up and be counted among those favoring the passage of H.R. 6028. I believe we have before us today a legislative program which makes giant strides toward our national goal of a decent home for every American family.

Some of our learned colleagues would have us believe that this carefully drawn up housing program is excessive both in its cost and in the amount of new housing construction it will foster. Further, they claim that the demand for the im-

proved housing conditions envisioned in this bill has fallen off. We have only to cite the 1960 Census of Housing to refute these claims. Despite the recent decade in which the American people have generally enjoyed unprecedented prosperity, in 1960 one out of every six households reside in housing that is dilapidated or lacks some or all plumbing facilities. Three million housing units are considered to be dilapidated. Yet we are told that H.R. 6028's provision authorizing the Public Housing Administration to contract for the construction of an additional 100,000 public housing units is unsound and unnecessary. Clearly the facts speak for themselves.

The census also shows another 8.4 million housing units are deteriorating because of deficiencies which need correcting if the units are to continue to provide adequate shelter. The new liberalized 20-year, limited interest home improvement loans—up to a maximum of \$10,000 per family—reflect a sound solution to further threatened deterioration. It would be extravagant and foolhardy to allow 8 million housing units to slip into the status of slums through neglect. For they represent an important segment of our national investment in real estate and they will be needed to meet the housing demands of our ever-growing population.

When we talk of the costs of a proposed government program, we must consider both sides of the issue. While it may seem to some that the administration's housing proposal has a high price tag, it is not large when you balance it against the cost of doing nothing—and in terms of returns to our national economy.

We must look at this bill in terms of what it means to the economy of the Nation at large. We are just emerging from the third postwar recession. Although there are many signs of economic resurgence, unemployment remains at a most serious level, with well over 6 percent of the labor force still without jobs. There is no economic activity which can do more to stimulate the economy than a thriving homebuilding industry. And this bill, through its multiple provisions, particularly in stimulating housing to fill the need where it is the greatest, can do much to give the economy the added impetus it now needs. When more homes become available, as we all know, not only is the demand for lumber, brick, glass, steel, and the other materials that go into a house stimulated, but also the need for all of the furnishings and appliances that go into a house.

This bill is not a threat to private business. It does not offer Government competition with private business. On the contrary by its very terms it does a great deal to uphold and foster the homebuilding industry and all of the other businesses related to it.

I do not need to go further into the detailed provisions of the bill. The goals of the bill are clear and the means toward reaching these goals are eminently reasonable and practical. This housing bill is needed by our low- and middle-income families. It is needed by the housing industry. It is important for

the American economy. I therefore wish to add my voice to those who call for its speedy approval by the House.

Mr. LESINSKI. Mr. Chairman, I am glad that the chairman of the Subcommittee on Housing [Mr. RAINS] has submitted his amendment because it will allow the housing program to move ahead without causing such an inflation in land prices that would make it impossible to buy a \$10,000 home because of the high cost of lots. It will give protection to the Government and will also protect to a greater extent the present residential homeowners who have rental units.

Being an individual who believes in feeling out my constituents about their attitudes toward legislation on various subjects, I asked a number of people in various walks of life how they felt about the housing bill under consideration. I talked with bankers, builders, labor people, officials who have had experience with FHA and GI mortgages, and various other individuals.

The banker's reaction was, naturally, conservative, as he felt 40 years was too long to be paying on a home because the homeowner would be paying over 2½ times the cost of his home, especially at today's high interest rates. He was concerned especially about a no-downpayment provision.

The investor in the insurance business felt that there was need for a 40-year term to help the lower income group purchase their own homes, but there should be some kind of downpayment so as to discourage those who would not be capable of maintaining their homes and to prevent the development of slum areas in those new subdivisions which would be built with this type of mortgage.

I made a special point of asking whether or not he felt a 40-year mortgage would tie up an excessive amount of money so that other businesses could not borrow. His feeling was that there would be some adverse effect immediately, but in the long run it would not be too severe.

A conservative Republican made the statement that a 40-year loan was very good because it would encourage home ownership, which is our intent in America, and do away with public housing. He insisted upon a downpayment and said it should be at least 10 percent, which seems excessive to me.

In talking to mortgagors, I found they are all for a no-downpayment 40-year mortgage. Of course, their business is to make mortgages and the more mortgages they handle for a longer period of time, the more money they make, especially if these are Government guaranteed.

Labor representatives are all for the bill, because they feel it will spur employment, which I can understand and am for, and also promote home ownership.

Most of the individuals with whom I spoke felt it would be outrageous, first of all, to have to pay the high interest rates today, and they would be prone not to buy because it is foolish to pay today's high interest on a 40-year basis and thereby pay 2½ times the actual cost of the house. They were concerned that a no-downpayment provision would tend

to lure irresponsible people into purchasing homes which would deteriorate into slums for lack of care and attention.

In speaking with people who have had experience with GI loans in the Detroit area, I find that they are opposed to the no-downpayment provision and have some doubts about the wisdom of a 40-year mortgage. The experience has been that when times are good, there is no problem. But when there is a recession, a veteran who bought a home with no-downpayment and a 30-year mortgage, upon trying to sell his house, finds that he has no equity, nothing to fall back on. It is felt the situation would be worse under a no-downpayment, 40-year mortgage. I understand that as of the present time the Veterans' Administration has been breaking about even on its repossession, but that the trend is starting in the direction of losing money.

In Michigan, there is a 12-month redemption period after foreclosure; but actually a veteran can live in the house from 18 to 20 months before he has to leave. In the meantime, the Government has to pay taxes on the property and then when foreclosure is final, has to spend \$300 to \$400, or even more in current repossession, to make necessary repairs before putting it on the market for resale.

While not true in all cases, the feeling generally is that people who purchase a home with no downpayment, having no equity in it, really have no incentive to maintain or retain the house during adverse times.

There is another problem that might be aggravated by a too rapidly expanded housing program. In the metropolitan Detroit area today, as is true in other sections of the country, the rapid expansion of population has created a huge demand on the water and sanitary systems in those areas. In the State of Michigan today there is a ban on new home construction in certain areas because of lack of sewage facilities. So that the 40-year program to accelerate the construction of new homes will only aggravate the situation. In this bill provision is made for construction of sewage and water facilities which is needed today.

It appears, therefore, to be the consensus that with respect to the housing program, there should be a downpayment requirement so that the individual will have an equity and an interest in the house for his own benefit, and the Government which is guaranteeing the loan will not be forced to take a loss if required to repossess and resell the house.

In view of the foregoing, I am very happy to have supported the amendment offered by the gentleman from Alabama [Mr. RAINS].

Mr. DADDARIO. Mr. Chairman, those of us who live in the rapidly growing complex of cities on the eastern seaboard are fully aware of the way in which housing and development are moving inexorably over the land. This decade is faced with a dramatic challenge to uphold the ideals of conservation and preservation that America has established.

Our metropolis on the east coast, running from Portland, Maine, to Norfolk, Va., is not unique. The lady from Michigan has noted her concern, and the west coast as well has felt the impact of growing populations. It has been true of this Nation from the start that America moves on, to consume land as it moves.

We need to recognize the importance of setting aside and protecting open spaces. In my home city of Hartford, we have a park system that is one of the finest in the Nation, but as our buildings grow and the population increases, we need to emphasize the necessity to set aside open space land in and around urban areas for social, recreational, and economic purposes.

This housing legislation offers a chance to start in such an effort. It would point up congressional interest in seeing that communities plan to hold scenic areas within reach of the many millions who live in our urban communities today. It would encourage municipal and local authorities to make even more vigorous efforts to save some breathing space for their people.

My home community of Hartford has one of the oldest and most respected park and recreation systems in the country. With the growing population in the metropolitan area, this system has been developed intensively to provide athletics and recreation for all.

There is, however, persistent pressure on these parks for further development which tends to erode the heavily wooded character of those parks which have succeeded in retaining that beauty. As they stand today, however, providing large park areas within walking distance of more than 70 percent of the population, they have been a mighty bulwark in stabilizing land values, in relieving our city of a sense of crowding that is too often noticeable in urban centers, and in retarding neighborhood blight and decay.

I do not say that the Hartford system is perfect, but I believe it offers much that would be desirable for all cities. And we must encourage our city planners and especially our fiscal planners to seek ways to preserve open space and beauty as housing development continues.

The real question is one of incentive and a recognition of the importance of the problem. That is what the clause in this housing bill would accomplish and I urge the House to favor it as a means of conservation of natural beauty in the American land.

Mr. DONOHUE. Mr. Chairman, I most earnestly hope this House, without extended delay, will approve this housing bill of 1961, H.R. 6028, designed to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend existing laws relating to housing, urban renewal, community facilities and other purposes.

As one who has, in patriotic concern and consistency, supported an adequate housing program for the American people over the past 14 years here, I

sincerely believe the measure now before us contains the most comprehensive and most commonsense program in my experience. Its embracement of a 4 year period is a sensible and practical attempt to rescue us from the emergency housing legislation phases that have confronted us in the past.

The various sections and provisions of this bill have been clearly and specifically spelled out in detail by proponents and opponents and there is no need for repetition now. With but one or two innovations all the basic provisions of this measure have been passed, in one form or another, by this House before. It is strongly supported by the industries involved, civic officials, most housing authorities, the majority of economic experts and the President himself.

The testimony and the statistics revealed here demonstrate beyond reasonable doubt that there is a vital and imperative need for more housing in this country; the evidence further shows, and clearly, that the impetus that will be provided to the construction and related industries will encouragingly accelerate our advancing economic recovery and further reduce the unfortunately great number of American workers still unemployed.

Despite the hesitation of some sincere and conscientious questions here there can be no doubt, on the record, of the essential national benefit already derived from our previous programs of urban renewal and slum clearance, college housing, housing for the elderly, community facilities, farm housing, FHA mortgage insuring authority extensions, and related activities. I submit it is unhappily too seldom that we have such a realistic record of actual performance and experience upon which to base our continuing legislative judgment in promotion of the general welfare.

Mr. Chairman, I most earnestly feel that most, if not all, of us agree that our basic ingredient for eventual success over the sustained Communist challenge is the promotion and maintenance of a high morale among the American people. I personally cannot think of any one factor more pertinently important to such promotion and maintenance than the encouragement of homeownership and wholesome living accommodations for American families. Let us not be in the position of today denying essential needs to the American taxpayers and tomorrow asking these same people to contribute untold millions to the rehabilitation and welfare of strangers in foreign lands. Let us approve this measure in the national interest and get on to our further important work.

Mrs. GRANAHAH. Mr. Chairman, I am pleased to see some straightforward attention in this new housing bill to the problems of small businesses forced to relocate because of urban renewal projects. In the housing bill debate in the last Congress, I raised the question about more equitable relocation payments, and attempted to put through an amendment which would have permitted the payment of good will where justified.

While I could not get the chairman of the Housing Subcommittee, or the House, to go along with me on that amendment, at least I did receive a pledge that the Housing Subcommittee would go into this whole matter of small business hardship resulting from urban renewal dislocations, and I am now glad to see some concrete results in this bill. Of course, it is not all that I would want, but it is a good forward step.

I can understand the difficulties of establishing good will determinations; nevertheless, I hope to see that problem worked out in a satisfactory manner. When a man has invested a lifetime in a small business in a particular neighborhood, and suddenly is forced to close up his business and move to another location, he is paying a tremendously high price—out of proportion—for the community improvement program. For he is losing his established business in an established neighborhood, and is starting out all over again in strange surroundings, with his old customers perhaps dispersed to the four winds.

We have had a problem of that kind in the huge Eastwick project in Philadelphia, in my district. Established businesses built up over the years—family businesses—are forced to relocate. Under present law, they receive their moving expenses up to a maximum of \$3,000, and that is all. If they rent present quarters, they receive nothing further. If they own the building, they receive the fair value as determined under the law, but it is seldom comparable to what they would then have to pay for similar accommodations in other established neighborhoods.

Consequently, this bill will be very helpful in such situations. The \$3,000 top limitation on moving expenses is repealed, and those businesses with heavy machinery and equipment will be able to collect their actual certified moving costs.

In addition, and far more important to most firms affected, is the provision in this bill which would make them eligible for very low-interest small business loans under the same terms now available to a small business affected by a catastrophe. For many of our long-established small businesses dislocated by urban renewal, it is a catastrophe. This bill now recognizes that fact.

Such loans may be made for periods not exceeding 20 years and for interest rates not exceeding 3 percent per year. If a participation loan is worked out with private banks or other lending institutions acting jointly with the Small Business Administration, then the interest ceiling of 3 percent applies only to the Government's share of the loan.

I am happy to know that my efforts in the previous Congress to get help for the small businessmen affected by urban renewal have now brought us a long step forward toward justice and equity for these firms. And I thank the Housing subcommittee for holding to its promise to me to go into this issue as it has.

Mr. ELLIOTT. Mr. Chairman, as one who has supported the farm housing program since its inception in 1949, I am pleased to rise in support of the farm

housing provisions of the Housing Act of 1961.

The underlying philosophy that supports this legislation is that rural families need and deserve decent, safe, and sanitary housing as much as city families do. The various housing programs that have done so much to improve living conditions in cities are not generally adapted to rural needs. President Kennedy recognized this problem when he said that "almost a fifth of the occupied houses in the rural areas of America are so dilapidated that they must be replaced. Hundreds of thousands of other rural homes are far below the level of comfort and convenience considered adequate in our Nation."

The concept of the farm housing program is simple. Loans are made by the Farmers Home Administration for the construction and repair of farm homes and other essential farm buildings to families who need better housing and who are unable to obtain the necessary financing from conventional sources. The new bill also provides for a grant to be used in research to develop lower cost rural housing and for loan insurance to back loans made by nongovernment lenders.

The loans for farm service buildings, such as poultry and dairy buildings, help to place the borrower's farm on a sound operational basis. Thus, farmers will be able to keep pace with the changing requirements of agriculture such as meeting grade A milk market regulations, and to change from the production of commodities which are in surplus to those which are in lively demand.

Under the provisions of this bill, all rural residents—not necessarily farmers—who do not have access to the financial assistance provided through other housing programs, will be able to qualify for farm housing loans. This will be a great boon to families who live in the country but make their living in towns and have previously been bypassed by other types of housing programs. They, along with the others eligible for loans, will no longer be required to give a mortgage on their farms, a provision which has unnecessarily slowed the pace and increased the expense of obtaining a farmhouse improvement loan in the past.

As for the contribution that the farm housing loan program can make to the development of rural areas, I can think of no single measure that will be more useful. The construction and repair of farmhouses not only raises the standard of living of the families concerned but provides employment for plumbers, electricians, carpenters, and masons as well as it stimulates the contracting, building supply, and household furnishing businesses in nearby communities.

In Alabama, as of December 31, 1960, 2,593 loans totaling \$17,405,328 had been made, of which \$3,500,000 were made in the district I have the privilege to represent in the Congress. One-fifth of these loans have already been repaid, while those still in debt are meeting their installments even faster than the rate requires. At present, 533 loan applications from my State are pending—almost

twice as many as were pending just 1 year ago.

The present authority for making farm housing loans expires on June 30. The Housing Act of 1961 would extend the program for 4 years. This bill would also enable the Farmers Home Administration to lend funds which the Congress had previously made available for this purpose but which a short-sighted policy of the previous administration had withheld from the farmers who are so desperately in need of this service.

The farm housing program has proven itself to be sound throughout the country as well as in Alabama. The need for these loans is clear, and I strongly recommend the continuation and improvement of this service to farmers as provided in H.R. 6028, the Housing Act of 1961.

The CHAIRMAN. All time has expired.

The question is on the committee amendment as amended.

The committee amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. Boggs, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 6028) to assist in the provision of housing for moderate- and low-income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, pursuant to House Resolution 350, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. McDONOUGH. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. The Chair assumes the gentleman is opposed to the bill?

Mr. McDONOUGH. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. McDONOUGH moves to recommit the bill H.R. 6028 to the Committee on Banking and Currency with instructions to report the same back to the House forthwith with the following amendment: Strike out all after the enacting clause and insert the following: "That this Act may be cited as the 'Housing Act of 1961'."

"FHA INSURANCE PROGRAMS

"SEC. 2. (a) Section 2(a) of the National Housing Act is amended by striking out in the first sentence '1961' and inserting in lieu thereof '1962'.

"(b) Section 203(a) of such Act is amended by striking out the colon and all that follows the colon and inserting in lieu thereof a period.

"(c) Section 217 of such Act is amended—

"(1) by striking out 'all mortgages which may be insured' and inserting in lieu thereof 'all mortgages and loans which may be insured';

"(2) by striking out 'shall not exceed' and the remainder of the first paragraph and inserting in lieu thereof the following: 'after October 1, 1962, shall not exceed the sum of (1) the outstanding principal balances as of that date of all insured mortgages and loans (as estimated by the Commissioner based on scheduled amortization payments without taking into consideration prepayments or delinquencies), and (2) the principal amount of all outstanding commitments to insure on that date:';

"(3) by inserting 'after October 1, 1962' before the period at the end of the first sentence in the third paragraph; and

"(4) by striking out 'hereafter' in the second sentence of the third paragraph and inserting in lieu thereof 'after that date'.

"(d) Section 803(a) of such Act is amended by striking out '1961' and inserting in lieu thereof '1962'.

"DIRECT LOANS FOR THE ELDERLY

"SEC. 3. Section 202(a)(4) of the Housing Act of 1959 is amended by striking out '\$50,000,000' and inserting in lieu thereof '\$100,000,000';

"URBAN RENEWAL CAPITAL GRANT AUTHORIZATION

"SEC. 4. Section 103(b) of the Housing Act of 1949 is amended by striking out the first sentence and inserting in lieu thereof the following: 'The Administrator may, with the approval of the President, contract to make grants under this title aggregating not to exceed \$2,000,000,000. In addition to amounts authorized under the preceding sentence, there is authorized to be appropriated for the purpose of making contracts, after appropriations therefor, for grants under this title, the sum of \$500,000,000; and amounts so appropriated shall remain available until expended.'

"COLLEGE HOUSING LOAN AUTHORIZATION

"SEC. 5. Section 401(d) of the Housing Act of 1950 is amended by striking out the first colon and all that follows and inserting in lieu thereof the following: ', which amount shall be increased on and after July 1, 1961, by such amounts, not exceeding \$300,000,000 in the aggregate, as may be specified from time to time in appropriation Acts: *Provided*, That the amount outstanding for other educational facilities, as defined herein, shall not exceed \$175,000,000, which limit shall be increased on and after July 1, 1961, by such amounts, not exceeding \$30,000,000 in the aggregate, as may be specified from time to time in appropriation Acts: *Provided further*, That the amount outstanding for hospitals, referred to in clause (2) of section 404(b) of this title, shall not exceed \$100,000,000, which limit shall be increased on and after July 1, 1961, by such amounts, not exceeding \$30,000,000 in the aggregate, as may be specified from time to time in appropriations Acts.'

"AUTHORIZATION FOR PUBLIC FACILITY LOANS

"SEC. 6. Section 203(a) of the Housing Amendments of 1955 is amended by inserting after '\$150,000,000,' the following: 'which limit shall be increased by such amounts, not exceeding \$50,000,000 in the aggregate, as may be specified from time to time in appropriation Acts.'

"FARM HOUSING LOANS

"SEC. 7. Sections 511, 512, and 513 of the Housing Act of 1949 are each amended by striking out '1961' and inserting in lieu thereof '1962'.

"VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

"SEC. 8. Section 610(a) of the Housing Act of 1954, is amended by striking out '1961' and inserting in lieu thereof '1962.'"

The SPEAKER. The question is on the motion to recommit.

Mr. McDONOUGH. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 197, nays 215, answered "present" 2, not voting 23, as follows:

[Roll No. 95]

YEAS—197

Abbott	Fisher	Murray
Abernethy	Ford	Nelsen
Adair	Fountain	Norblad
Alexander	Frelinghuysen	Nygaard
Alford	Garland	O'Konski
Alger	Gary	Osmer
Andersen, Minn.	Gathings	Ostertag
Anderson, Ill.	Gavin	Passman
Arends	Glenn	Pelly
Ashbrook	Goodell	Pillion
Ashmore	Goodling	Pirnie
Auchincloss	Griffin	Poff
Avery	Gross	Quie
Ayres	Haley	Ray
Baldwin	Hall	Reece
Barry	Halleck	Reifel
Bass, N.H.	Harrison, Va.	Rhodes, Ariz.
Bates	Harrison, Wyo.	Riehlman
Battin	Harsha	Riley
Becker	Harvey, Ind.	Rivers, S.C.
Beer	Harvey, Mich.	Robison
Belcher	Herlong	Roudebush
Bell	Hiestand	Russelot
Berry	Hoeven	St. George
Betts	Hoffman, Ill.	Saylor
Bolton	Hoffman, Mich.	Schadeberg
Bow	Horan	Schenck
Bray	Hull	Scherer
Bromwell	Jarman	Schneebeli
Brooks, La.	Jensen	Schweiker
Broomfield	Johansen	Schwengel
Brown	Jonas	Scott
Broyhill	Jones, Mo.	Scranton
Bruce	Judd	Seely-Brown
Burleson	Keith	Short
Byrnes, Wis.	Kilburn	Shriver
Cahill	Kilgore	Sibal
Chamberlain	King, N.Y.	Siler
Chenoweth	Kitchin	Smith, Calif.
Chiperfield	Knox	Smith, Va.
Church	Kunkel	Springer
Clancy	Kyl	Stafford
Collier	Langen	Taber
Colmer	Latta	Teague, Calif.
Conte	Lennon	Thompson, La.
Corbett	Lipscomb	Thomson, Wis.
Cramer	McCulloch	Tollefson
Cunningham	McDonough	Tuck
Curtin	McIntire	Tupper
Curtis, Mass.	McSweeney	Utt
Curtis, Mo.	McVey	Van Zandt
Dague	MacGregor	Wallhauser
Davis	Mahon	Weaver
Derounian	Malliard	Weis
Derwinski	Martin, Mass.	Westland
Devine	Martin, Nebr.	Whalley
Dole	Mathias	Wharton
Dominick	May	Whitener
Dorn	Meader	Whitten
Dowdy	Miller, N.Y.	Widnall
Durno	Millikin	Williams
Dwyer	Minshall	Willis
Ellsworth	Moore	Wilson, Calif.
Fenton	Moorehead, Ohio	Wilson, Ind.
Findley	Morse	Winstead
	Mosher	Younger

NAYS—215

Addabbo	Blatnik	Carey
Addonizio	Blich	Casey
Albert	Boggs	Chelf
Andrews	Boland	Clark
Anfuso	Bolling	Cohelan
Ashley	Bonner	Cook
Aspinall	Boykin	Cooley
Bailey	Brademas	Corman
Baker	Breeding	Daddario
Baring	Brewster	Daniels
Barrett	Brooks, Tex.	Davis, John W.
Bass, Tenn.	Burke, Ky.	Davis, Tenn.
Beckworth	Burke, Mass.	Dawson
Bennett, Fla.	Byrne, Pa.	Delaney

Dent	Karth	Pilcher
Denton	Kastenmeyer	Poage
Diggs	Kearns	Powell
Dingell	Kee	Price
Donohue	Kelly	Pucinski
Dooley	Keogh	Rabaut
Downing	Kilday	Rains
Doyle	King, Calif.	Randall
Dulski	King, Utah	Reuss
Edmondson	Kirwan	Rhodes, Pa.
Elliott	Kluczynski	Rivers, Alaska
Everett	Kornegay	Rodino
Evins	Kowalski	Rogers, Colo.
Fallon	Landrum	Rogers, Fla.
Farbstein	Lane	Rogers, Tex.
Fascell	Lankford	Rooney
Feighan	Lesinski	Rostenkowski
Finnegan	Libonati	Roush
Fino	Lindsay	Rutherford
Flood	Loser	Ryan
Fogarty	McCormack	St. Germain
Frazier	McDowell	Santangelo
Friedel	McFall	Saund
Fulton	McMillan	Selden
Gallagher	Macdonald	Shelley
Garmatz	Machrowicz	Shipley
Glaime	Mack	Sikes
Gilbert	Madden	Sisk
Granahan	Magnuson	Slack
Gray	Marshall	Smith, Iowa
Green, Pa.	Matthews	Smith, Miss.
Griffiths	Miller, Clem	Spence
Hagan, Ga.	Mills	Staggers
Hagen, Calif.	Moeller	Steed
Halpern	Monagan	Stephens
Hansen	Montoya	Stratton
Harding	Moorhead, Pa.	Stubblefield
Hardy	Morgan	Sullivan
Harris	Morris	Taylor
Hays	Morrison	Thomas
Healey	Moss	Thompson, N.J.
Hechler	Moulder	Thompson, Tex.
Hemphill	Multer	Thornberry
Henderson	Murphy	Toll
Hollifield	Natcher	Trimble
Holland	Nix	Udall
Holtzman	O'Brien, Ill.	Ullman
Huddleston	O'Brien, N.Y.	Vanik
Ichord, Mo.	O'Hara, Ill.	Vinson
Ikard, Tex.	O'Hara, Mich.	Walter
Inouye	Olsen	Watts
Jennings	O'Neill	Wickersham
Joelson	Patman	Wright
Johnson, Calif.	Perkins	Yates
Johnson, Md.	Peterson	Young
Johnson, Wis.	Pfost	Zablocki
Jones, Ala.	Philbin	Zelenko
Karsten	Pike	

ANSWERED "PRESENT"—2

Cannon	Gubser
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NOT VOTING—23

Bennett, Mich.	Hébert	Roberts
Buckley	Hosmer	Roosevelt
Cederberg	Laird	Sheppard
Celler	Mason	Teague, Tex.
Coad	Marrow	Van Pelt
Flynt	Michel	
Forrester	Miller	
Grant	George P.	
Green, Oreg.	Norrell	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Cannon for, with Mr. Buckley against.

Mr. Gubser for, with Mr. George P. Miller against.

Mr. Van Pelt for, with Mr. Sheppard against.

Mr. Laird for, with Mrs. Green of Oregon against.

Mr. Hosmer for, with Mr. Roosevelt against.

Mrs. Norrell for, with Mr. Celler against.

Mr. Michel for, with Mr. Hébert against.

Mr. Cederberg for, with Mr. Roberts against.

Mr. Mason for, with Mr. Coad against.

Until further notice:

Mr. Teague of Texas with Mr. Marrow.

Mr. Flynt with Mr. Bennett of Michigan.

Mr. CANNON. Mr. Speaker, I have a live pair with the gentleman from New York [Mr. BUCKLEY]. If he were present, he would have voted "nay." I voted "yea." I withdraw my vote and vote "present."

Mr. PASSMAN changed his vote from "nay" to "yea."

Mr. GUBSER. Mr. Speaker, I have a live pair with the gentleman from California [Mr. GEORGE P. MILLER]. If he were present, he would have voted "nay." I voted "yea." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on passage of the bill.

Mr. RAINS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 235, nays 178, answered "present" 2, not voting 22, as follows:

[Roll No. 96]

YEAS—235

Addabbo	Frazier	Miller, Clem
Addonizio	Friedel	Mills
Albert	Fulton	Moeller
Alexander	Gallagher	Monagan
Andrews	Garmatz	Montoya
Anfuso	Gialmo	Moore
Ashley	Gilbert	Moorehead,
Aspinall	Granahan	Ohio
Bailey	Gray	Moorhead, Pa.
Baker	Green, Pa.	Morgan
Baring	Griffiths	Morris
Barrett	Hagan, Ga.	Morrison
Barry	Hagen, Calif.	Moss
Bass, Tenn.	Halpern	Moulder
Beckworth	Hansen	Multer
Bennett, Fla.	Harding	Murphy
Blatnik	Hardy	Natcher
Blitch	Harris	Nix
Boggs	Harsha	Norblad
Boland	Hays	O'Brien, Ill.
Bolling	Healey	O'Brien, N.Y.
Bonner	Hechler	O'Hara, Ill.
Boykin	Hemphill	O'Hara, Mich.
Brademas	Henderson	O'Konski
Brewster	Holifield	Olsen
Brooks, Tex.	Holland	O'Neill
Burke, Ky.	Holtzman	Patman
Burke, Mass.	Huddleston	Perkins
Byrne, Pa.	Ichord, Mo.	Peterson
Cahill	Ikard, Tex.	Pfost
Carey	Inouye	Philbin
Chelf	Jarman	Pike
Clark	Jennings	Pilcher
Cohelan	Joelson	Poage
Cook	Johnson, Calif.	Powell
Cooley	Johnson, Md.	Price
Corbett	Johnson, Wis.	Pucinski
Corman	Jones, Ala.	Rabaut
Curtis, Mass.	Karsten	Rains
Daddario	Karth	Randall
Daniels	Kastenmeier	Reuss
Davis, John W.	Kearns	Rhodes, Pa.
Davis, Tenn.	Kee	Riehlman
Dawson	Kelly	Rivers, Alaska
Delaney	Keogh	Rodino
Dent	Kilday	Rogers, Colo.
Denton	King, Calif.	Rooney
Diggs	King, Utah	Rostenkowski
Dingell	Kirwan	Roush
Donohue	Kluczynski	Rutherford
Dooley	Kornegay	Ryan
Downing	Kowalski	St. Germain
Doyle	Landrum	Santangelo
Dulski	Lane	Saund
Durno	Lankford	Saylor
Dwyer	Lennon	Scranton
Edmondson	Lesinski	Seely-Brown
Elliott	Libonati	Selden
Ellsworth	Lindsay	Shelley
Everett	Loser	Shipley
Evins	McCormack	Sikes
Fallon	McDowell	Sisk
Farbstein	McFall	Slack
Fasell	Macdonald	Smith, Iowa
Feighan	Machrowicz	Smith, Miss.
Finnegan	Mack	Spence
Fino	Madden	Staggers
Flood	Magnuson	Steed
Fogarty	Marshall	Stephens
Fountain	Matthews	Stratton

Stubblefield
Sullivan
Taylor
Thomas
Thompson, La.
Thompson, N.J.
Thompson, Tex.
Thornberry
Toll

Trimble
Udall,
Morris K.
Ullman
Vanik
Van Zandt
Vinson
Wallhauser
Walter

Watts
Whitener
Wickersham
Willis
Wright
Yates
Young
Zablocki
Zelenko

NAYS—178

Abbt	Findley	Morse
Abernethy	Fisher	Mosher
Adair	Ford	Murray
Alford	Frelinghuysen	Nelsen
Alger	Garland	Nygaard
Andersen, Minn.	Gary	Osmer
Anderson, Ill.	Gathings	Ostertag
Arends	Gavin	Passman
Ashbrook	Glenn	Pelly
Ashmore	Goodell	Pillion
Auchincloss	Goodling	Pirnie
Avery	Griffin	Poff
Ayres	Gross	Quie
Baldwin	Haley	Ray
Bass, N.H.	Hall	Reece
Bates	Halleck	Reifel
Battin	Harrison, Va.	Rhodes, Ariz.
Becker	Harrison, Wyo.	Riley
Beermann	Harvey, Ind.	Rivers, S.C.
Belcher	Harvey, Mich.	Robison
Bell	Herlong	Rogers, Fla.
Berry	Hiestand	Rogers, Tex.
Betts	Hoeven	Roudebush
Bolton	Hoffman, Ill.	Rousset
Bow	Hoffman, Mich.	St. George
Bray	Horan	Schadeberg
Breeding	Hull	Schenck
Bromwell	Jensen	Scherer
Brooks, La.	Johansen	Schneebeli
Broomfield	Jonas	Schweiker
Brown	Jones, Mo.	Schwengel
Broyhill	Judd	Scott
Bruce	Keith	Short
Burleson	Kilburn	Shriver
Byrnes, Wis.	Kilgore	Sibal
Casey	King, N.Y.	Siler
Chamberlain	Kitchin	Smith, Calif.
Chenoweth	Knox	Smith, Va.
Chiperfield	Kunkle	Springer
Church	Kyl	Stafford
Clancy	Langen	Taber
Collier	Latta	Teague, Calif.
Colmer	Lipscomb	Teague, Tex.
Conte	McCulloch	Thomson, Wis.
Cramer	McDonough	Tollefson
Cunningham	McIntire	Tuck
Curtin	McMillan	Tupper
Curtis, Mo.	McSweeney	Utt
Dague	McVey	Weaver
Davis,	MacGregor	Weiss
James C.	Mahon	Westland
Derounian	Mailliard	Whalley
Derwinski	Martin, Mass.	Wharton
Devine	Martin, Nebr.	Whitten
Dole	Mathias	Widnall
Dominick	May	Williams
Dorn	Meador	Wilson, Calif.
Dowdy	Miller, N.Y.	Wilson, Ind.
Fenton	Millikin	Winstead
	Minshall	Younger

PRESENT—2

Cannon

Gubser

NOT VOTING—22

Bennett, Mich.	Green, Oreg.	Miller,
Buckley	Hébert	George P.
Cederberg	Hosmer	Norrell
Celler	Laird	Roberts
Coad	Mason	Roosevelt
Flynt	Merrow	Sheppard
Forrester	Michel	Van Pelt
Grant		

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Buckley for, with Mr. Cannon against.

Mr. George P. Miller for, with Mr. Gubser against.

Mr. Sheppard for, with Mr. Van Pelt against.

Mrs. Green of Oregon for, with Mr. Laird against.

Mr. Roosevelt for, with Mr. Hosmer against.

Mr. Celler for, with Mrs. Norrell against.

Mr. Hébert for, with Mr. Michel against.

Mr. Merrow for, with Mr. Cederberg against.

Mr. Roberts for, with Mr. Mason against.

Until further notice:

Mr. Coad with Mr. Bennett of Michigan.

Mr. CANNON. Mr. Speaker, I have a pair with the gentleman from New York [Mr. BUCKLEY]. If he had been present he would have voted "yea." I withdraw my vote of "nay" and vote "present."

Mr. GUBSER. Mr. Speaker, I have a live pair with my colleague from California [Mr. GEORGE P. MILLER]. Had he been present he would have voted "yea." I withdraw my vote of "nay" and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. RAINS. Mr. Speaker, pursuant to the rule, I call up S. 1922 and move to strike out all after the enacting clause of said Senate bill and to insert in lieu thereof the provisions contained in H.R. 6028 as passed by the House.

The Clerk read the title of the Senate bill.

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

Strike out all after the enacting clause of S. 1922 and insert in lieu thereof the provisions of H.R. 6028 as passed by the House.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time and passed.

A similar House bill (H.R. 6028) was laid on the table.

A motion to reconsider was laid on the table.

Mr. RAINS. Mr. Speaker, I move that the House insist on its amendment to the Senate bill and request a conference with the Senate.

The motion was agreed to, and the Speaker appointed the following conferees: Messrs. SPENCE, PATMAN, RAINS, MULTER, KILBURN, McDONOUGH, and WIDNALL.

GENERAL LEAVE TO EXTEND

Mr. RAINS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the RECORD on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

WE MUST MOVE TO PROTECT CONSUMERS AGAINST SKYROCKETING NATURAL GAS RATES

The SPEAKER. Under previous order of the House, the gentleman from West Virginia [Mr. HECHLER], is recognized for 30 minutes.

Mr. HECHLER. Mr. Speaker, we must take action to protect the consumers of this Nation against skyrocketing natural gas rates.

In my State of West Virginia, we produce more natural gas than we consume. However, because of the need of transporting gas over long distances—particularly from the southwest to the northeastern seaboard—and the “zone formula” used by the Federal Power Commission in fixing rates, West Virginians have been among the many victims of the inflationary temporary-increase spiral. This has been true even though, from a strict standpoint of supply and demand, we ought to be in pretty good shape under the current practices and procedures and workings of the economic system.

Under the present law, rate increases may be suspended by the Federal Power Commission for up to 5 months. I submit that this is too short a period, and it is highly unrealistic under present-day circumstances. It works a hardship on all those involved in gas production and consumption except the transmission companies.

This 5-month provision of the law is simply an invitation to the pipeline operators to seek exorbitant rate increases, and before the cases are decided or are dragged out through the courts, to ask for more and more increases and to collect the extra money from the consumers while these cases are pending. Because of the tremendous case backlog which has piled up on the FPC's docket in the past few years, it will take many more years before a majority of these pending cases will be finally resolved. And while these cases are pending, consumers and distributors are paying through the nose.

Unless some sharp changes are made in the current situation, the big natural gas producers and transmitters are going to grow fatter and fatter at the expenses of the consumer and distributor.

When it takes months and years for the Federal Power Commission to get down to action on these rate increase applications, often followed by lengthy court tests, the pipeline operators are during this delay period collecting at the requested higher rate from the consumer. Suppose the FPC or the courts disallow the increase; then the overcharged amounts collected must be returned to the consumer plus 7 percent interest. This may sound fair, but 7 percent is a very mild rate of interest for the pipeline companies to pay when you consider that the normal return on equity capital is 10 or 11 percent. So it is easy to see that even if a rate increase petition is disallowed, the pipeline operator is making a clear profit of 3 or 4 percent on the transaction. Thus he is making a neat return through the use of cumbersome delaying tactics of the rate increase procedure.

If his petition is disallowed, he makes 3 or 4 percent in the clear. But think how much more gravy he can wipe up in equity capital if the rate increase is approved. All the time, mind you, he can forcibly borrow these funds from the consumer and invest them as he pleases in plant expansion or anything you please. The hapless consumer provides a constant source of capital like a captive bank.

For a number of years the gas pipeline companies of America have enjoyed a “dream” situation. It seems to me it is high time this “pipedream” is shattered.

It is high time we give more consideration to the consumer, who has for too long been the forgotten man in the long-drawn-out battles over natural gas rate increases. In effect, the taxpayers of the Nation through decisions of the Federal Power Commission have been subsidizing holders of common stock in the natural gas transmission companies.

Now what is the solution? Of course we will have to take steps administratively to cut down the huge backlog of cases and to develop a formula to arrive at quicker decisions on rate applications before the Federal Power Commission. I am not one who feels this is simply a matter of spending more money to add more staff. I think it is important to sweep out all the minor cases which now clutter the desks of the FPC. In other words, we should free small producers from regulations.

But I believe it is important to establish in the statute itself the time-honored principle that once a decision has been made, it ought to stand until a possible change in conditions may demonstrate that the decision is unfair or should be revised. Stated another way, I firmly believe that the pipeline companies should not be allowed to collect any money from consumers, until the FPC has ruled that the proposed rate is sound and justifiable.

Mr. Speaker, I believe we have reached a crisis in skyrocketing natural gas rates, and pyramiding and delayed rate increase cases, which demand sharp and decisive action.

NATIONAL SAFE BOATING WEEK

The SPEAKER. Under previous order of the House, the gentleman from Michigan [Mr. CHAMBERLAIN], is recognized for 30 minutes.

Mr. CHAMBERLAIN. Mr. Speaker, once again the nationwide observance of National Safe Boating Week will take place during the week of July 4th. Last year I presented a comprehensive report to my colleagues in the House—a review of the responsibilities and efforts of the Federal Government in the promotion of boating safety. This report was printed in the CONGRESSIONAL RECORD of June 23, 1960. This year I will review the activities and further developments that have taken place since that time.

Pursuant to Public Law 85-911, which I sponsored during the 85th Congress, the President of the United States, on March 4 of this year, signed the following proclamation:

Whereas increasing numbers of our citizens are participating in boating for health and relaxation; and

Whereas this increase in recreational boating has greatly increased the use of our waterways and has intensified the need for close adherence to accepted safe boating practices to prevent needless loss of life and damage to property; and

Whereas continued cooperation among persons and organizations interested in boating is necessary to maintain our steady

progress toward the ultimate goal of courteous and safe boating throughout the year; and

Whereas in recognition of the importance of safe boating practices, the Congress, by a joint resolution approved June 4, 1958 (72 Stat. 179), has requested the President to proclaim annually the week that includes July 4 as National Safe Boating Week:

Now, therefore, I, John F. Kennedy, President of the United States of America, do hereby designate the week beginning July 2, 1961, as National Safe Boating Week; and I urge all persons and organizations interested in recreational boating, and the boating industry, Government agencies, and other groups, to observe National Safe Boating Week.

I also invite the Governors of the States, the Commonwealth of Puerto Rico, and other areas subject to the jurisdiction of the United States to join in this observance in an effort to make this year the safest in the history of recreational boating.

In witness whereof, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

Done at the City of Washington this 4th day of March in the year of our Lord 1961, and of the Independence of the United States of America the 185th.

JOHN F. KENNEDY.

FEDERAL BOATING ACT OF 1958

The Federal Boating Act of 1958, 46 United States Code 527, provides for a standardized system for the numbering and identification of undocumented vessels—including pleasure boats of 10 horsepower and above—and for participation in this program by the several States. Since the effective date of this legislation, April 1, 1960, 39 States have enacted into law, numbering systems which have been approved by the Commandant, U.S. Coast Guard as meeting the standards set forth in this act.

As I reported to you last year, the numbering provisions of the Federal Boating Act were not made applicable to the Commonwealth of Puerto Rico, the Virgin Islands, and Guam, and I recommended that these areas should be incorporated into the act by early congressional action. It is my pleasure to advise that legislation to accomplish this purpose has been introduced and as of this date has been passed in the Senate and early action is indicated in the House.

Another most important facet of the Federal Boating Act is the specific directive to the Coast Guard that it shall compile, analyze and publish information obtained from the accident reports which that law made mandatory. The reporting of boating accidents became compulsory on March 10, 1959. Since that time the Coast Guard has published three statistical reports. The first report covered the period of March 10, 1959, to December 31, 1959. The second report covered the period January 1, 1960, to June 30, 1960. To be of real value to the Members of Congress and the boating public, the Coast Guard realized that such a report would be more meaningful based on a calendar year rather than a fiscal year basis. To that end, on May 1 of this year the third report was published, which includes all the data gathered during the calendar year 1960. I understand every Member of Congress has received a copy of this report and I should like to call to your

Appendix

Housing Act of 1961

SPEECH OF

HON. JAMES HARVEY

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 21, 1961

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 6028) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal and community facilities, and for other purposes.

Mr. HARVEY of Michigan. Mr. Chairman, you have heard a great deal about the bill in general, so I would just like to address my self in the short time allotted to me to a few specific sections of the bill.

This piece of legislation has quite an interesting history, because when President Kennedy was elected in November he immediately appointed a large number of task forces to investigate and come back with reports to him. Two of them are interesting here: First of all he appointed a task force to decide what to do in general about the effect of the recession; and then he appointed another task force to decide what to do in particular about housing.

The interesting thing is that in the first task force report, instructed to come back and tell them what to do about recovering from the recession in general, they particularly pointed out that the liberalization of credit in the field of housing was not the thing to do.

The tax force instructed to come back and decide what to do about housing in particular, said that certainly some stimulant in the field of housing was necessary to provide for the builders, but not even they recommended a no-down-payment 40-year mortgage.

I would like to refer to a remark of the gentleman from Alabama who so ably accounted for himself when he said that the building business was dragging on the bottom and that that was the reason for this bill. While he was talking I made a phone call to learn the number of annual starts in the house construction business for the month of May 1961. I learned that the annual rate of starts in May 1961 was 1,276,000, that the annual rate of starts in the construction business in April 1961 was also in excess of 1,200,000.

I submit to you that the construction business is not dragging on the bottom, or else the chairman has forgotten over these years what dragging on the bottom is.

I would like also to speak about another feature of the bill that was discussed

so much in committee, namely, the 40-year provision. Why talk about that, you may ask, because it is going to be taken out. But in the short period I have been in Congress I have learned that frequently things that go out over here come back in in a conference report. So we ought to be well informed as to what the provision is.

All of you should look at the testimony of the representative, for example, of the Mortgage Bankers Association appearing at page 612 of the hearings. Look also at the testimony of the representative of the insurance companies who are in the lending business where they set forth what this means in the same report. I will not read that at this time.

Several things stand out in that testimony. The chairman of the committee said that by giving these people a deed we can expect the grass to grow greener, the fences will be fixed, the house repaired, and so forth, and that we are really doing him a favor. But, Mr. Chairman, I say look closely at the favor we are doing for the borrower, because all of this testimony shows very clearly that after the 29-year period of the 40-year mortgage the house will be valued at less than the balance owed on the mortgage.

The testimony shows further and clearly the difference in the interest rates we are talking about. A man with a 40-year mortgage is paying in all 150 percent, or \$25,000 for a \$10,000 house, as contrasted with the fact that in a 30-year mortgage he is paying 100 percent. So you can see a sharp reduction. Actually, on a \$10,000 house there is a difference of \$5,000 to the borrower as between a 30- and 40-year mortgage.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. HARVEY of Michigan. I yield to the gentleman from New Jersey.

Mr. WIDNALL. If we get into that program there will be a demand for appropriations for the Agriculture Department in order to develop a species of slow-chewing termites so that the house will stand up longer?

Mr. HARVEY of Michigan. The Mortgage Bankers Association itself submitted two tables. If you will look at the testimony, you will find there was a question in their minds whether or not the 40 or 50 years will be economically sound so far as the house is concerned. But, that is neither here nor there.

Another thing I want to point out in the short time allotted to me is this. Are we doing this man a favor? We are reducing his payments 8 percent per month, and on a \$12,000 mortgage it amounts to \$5.92 per month. See what that means to one supposedly in this income category of between \$4,000 and \$6,000 a year. There is no limitation in

this bill. Any Congressman can get a 40-year loan. And, who will pay the realtor's commission of 5 percent during the 29 first years of that mortgage when it is worth less than the amount owed? Who is going to pay that? Who is going to pay that deficiency if the house is sold? Why, it is going to come out of the pocket of the borrower, and you all know what that means. That means it is an open invitation to default. Look at the testimony of Neil Hardy, May 31st of this year, when he appeared before the House Subcommittee on Appropriations asking for a larger appropriation, for one simple reason, because the greater risk attached to the more liberal lending had increased the number of defaults.

Let me read to you the number of defaults in Wayne County, Mich., and I read to you from the Friday, June 16, 1961, Detroit Free Press issue. The title is "Foreclosures Reach High Point in May." As I say, Commissioner Hardy's testimony will bear this out nationally as well:

Not since the depression have more mortgage foreclosures been started in Wayne County than during the first 5 months of 1961.

The register of deeds reports 255 foreclosure notices were recorded during May, a high point for post-depression years. During the first 5 months of this year, 1,015 foreclosures have been started. During the same period last year, 591 were recorded.

And during the entire years of 1956 and 1957 combined the total was only 653.

The article goes on:

Why the increase in foreclosures? Mortgage men and real estate brokers blame the "soft" market in used homes. Homeowners who do not have much equity in their houses sometimes find it hard to sell for enough to cover the amount of the mortgage.

So, I say to you that we are actually doing a disservice when we further liberalize this credit as is attempted in the bill.

I want to talk about one other section just briefly here in my time. The chairman referred to the community facilities administration and the increase from \$50 million to \$500 million as bringing, I believe he said, urban renewal to the smaller cities. Well, I submit to you that what we are really doing is resurrecting the WPA of 25 years ago, because that is just what these are, WPA projects. I do not think that by any stretch of the imagination you can say that water treatment plants or public works projects are by any stretch of the imagination urban renewals.

With regard to the amount that the administration requested, the \$50 million, let me just read to you a statement of Mr. Weaver, as he testified before the committee. I say this because the administration originally requested \$50 million to handle what they called was a

more liberal program. On page 131 this is what Mr. Weaver had to say:

The proposed additional \$50 million loan authorization plus the amount remaining under the existing authorization are needed to assure the continued operation on these more liberal terms.

Four Years—Too Many

EXTENSION OF REMARKS

HON. HUGH SCOTT

OF PENNSYLVANIA

IN THE SENATE OF THE UNITED STATES

Thursday, June 22, 1961

Mr. SCOTT. Mr. President, I would like to call to the attention of the Congress a most interesting article by Mr. Raymond Moley. This article appeared in the June 19 issue of Newsweek magazine. With the administration and the Congress expressing concern over the adequacy of the educational system, I feel that Mr. Moley's article is most timely. I ask unanimous consent that this article be printed in the Appendix of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FOUR YEARS—TOO MANY

(By Raymond Moley)

A year ago, President Grayson Kirk, of Columbia University, wrote this indictment of the 4-year college course: "Four years in some adolescent playpens that are called centers of learning may be a pleasant interlude for young people, but it is a luxury which they, their parents, the colleges, and the country can no longer afford."

This sharpens and confirms my own impression after 3 decades—first as a full-time and later as a part-time university professor. It comes with added emphasis now when the Nation's taxpayers are about to be nicked again for Federal aid to students and colleges.

The 4-year tradition began in medieval times when Oxford and Cambridge were created. English gentlemen welcomed a quiet sanctuary for their sons until they were old enough to assume the responsibilities of life. The time spent in the universities also helped prepare men for the ministry, the professions, scholarship, the military, and also just for "gracious" living in an aristocracy. Harvard, following the English pattern in 1636, set the style which still prevails generally in the United States.

UNNECESSARY VACATIONS

Imprisoned in this tradition, colleges have devised plausible means of stretching out their offerings from September of the first year to June of the fourth. Long vacations help a lot—3 months in the summer, and weeks for Christmas and Easter holidays. Those happy days off are usually consumed in loafing or in going to and getting over innumerable parties. For an industrious few, the summer can be used to earn some money. But considering the ultimate loss to the colleges, it would be cheaper to provide loans and scholarships.

The male high school graduate now is faced not only by the necessity for preparing for a vocation after college, but by years of military service. If the boy chooses to enter a profession, he will not be ready to earn a living until his middle or late 20's. The surgeon earns little or nothing until he is 30 or

more. This is an injustice to the student and an intolerable burden on most parents.

But even with the months of actual study limited by bounteous vacations, the academic offering has been heavily diluted with plenty of soft or irrelevant courses.

The observations that follow may not apply so specifically to the learning of foreign languages or science. But they certainly apply to the disciplines with which I am most familiar, the social sciences.

WASTED TIME, TALENT

In that part of the curriculum, faculty members with 4 years to thin out their offering can move with the utmost leisure. Courses are given which need not be taught, only read in books. Usually a faculty member has an introductory course for fundamentals. Then a moderately advanced course which merely elaborates the introductory course. And for the third course, a recapitulation of the first two. Too often the wisdom and knowledge of a professor could with efficiency be imparted in 1 full year's course.

But the colleges justify this part-time use of talent because they want research and the writing of books. Jacques Barzun, dean of the graduate faculties at Columbia, takes sharp issue with this insistence upon what is called productive research and scholarship. Too often it is merely an excuse for a flight from teaching. And the pressure on young teachers to produce means gross neglect of students and classrooms. Indeed, the gifted and inspiring teacher is under a heavy penalty. The dull fellow who can neither teach nor write well is the beneficiary.

The college plant is also inefficiently used. President Kirk estimates that the plant is in operation only about 46 percent of the time. With a rise of more than 100 percent in enrollment to 7 million in prospect by 1970, such inefficiency is deplorable.

The remedy is 3 college years of 11 months each. Faculty members might choose time off for writing or travel, or more pay. There would be a faster turnover of students and less expense for parents, colleges, taxpayers, and donors. And students would be able to add a year to their productive life.

A Statement by William E. Blewett, Jr., in Support of Repeal of Section 502(d) of the Merchant Marine Act

EXTENSION OF REMARKS

OF

HON. FRANK W. BOYKIN

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 22, 1961

Mr. BOYKIN. Mr. Speaker, under leave to extend my remarks in the RECORD, I include therein a statement by one of the greatest shipbuilders I know of in this or any other country. I am speaking of Mr. William E. Blewett, Jr., president of the Newport News Shipbuilding & Drydock Co., of Newport News, Va. He is also president of the Atlantic, Gulf, and Great Lakes Shipbuilding Association. The members of this association are in this statement, and they include our own great and good company, the Alabama Dry Dock & Shipbuilding Co., of Mobile, Ala., and then the Ingalls Shipbuilding Corp., who has a wonderful shipbuilding plant in Pascagoula, Miss., just 100 yards across the State line from Alabama in Missis-

sippi and the home of my beloved friend Congressman BILL COLMER.

This statement by my friend, Bill Blewett, is one of the best statements I have ever read, and I have been reading them and listening to the testimony of the shipbuilders from the Great Lakes, the east coast, the gulf coast, and the west coast for over a quarter of a century. Truly, Bill Blewett knows what he is talking about, and I believe that everybody who knows anything about the shipbuilding business in this Nation or any other nation will agree with me that Bill Blewett was absolutely correct in every word that you will read in the statement that I am inserting in the CONGRESSIONAL RECORD that will go over all this land. I know this will do a lot of good and will make a profound impression on every man, woman, and child who reads it.

The statement follows:

STATEMENT OF WILLIAM E. BLEWETT, JR.

My name is William E. Blewett, Jr. I am president of Newport News Shipbuilding & Dry Dock Co., Newport News, Va., and president of the Atlantic, Gulf, and Great Lakes Shipbuilding Association. The members of this association are: Alabama Dry Dock & Shipbuilding Co.; the American Ship Building Co.; Avondale Marine Ways, Inc.; Bath Iron Works Corp.; Defoe Shipbuilding Co.; the Ingalls Shipbuilding Corp.; Manitowoc Shipbuilding, Inc.; Maryland Shipbuilding & Drydock Co.; Newport News Shipbuilding & Dry Dock Co.; New York Shipbuilding Corp.; and Sun Shipbuilding & Dry Dock Co.

I again appear before your committee in support of the repeal of Section 502(d) of the Merchant Marine Act, 1936, as amended, which would be accomplished by H.R. 1159, and companion bills, pending before the committee.

The principle involved in repeal of the 6 percent preference in favor of west coast shipbuilders has not changed the slightest since I appeared before your Committee in April of 1960. It is still our position that there is absolutely no justification for one geographic area of the country to have an advantage in competitive bidding built into the law. After extensive research in the matter, we have not been able to find any other statute or situation where a preference in competitive bidding—which in effect amounts to a subsidy—is granted on a continuing basis to one geographic area of our country over other areas, with the exception of the emergency relief that is given to depressed areas all over the country. This kind of relief is purely for emergencies and is given to individuals—not to subsidize one segment of an industry in direct competition with the rest of the industry.

The report of the General Accounting Office completely ignores the unfairness of geographic discrimination, which is really the only issue before this committee. We oppose discrimination in principle.

We felt that in the hearings last year we attempted to state clearly to this committee our position that the principle of the 6 percent west coast preference required its repeal. We also developed certain facts to demonstrate that even if there had been some justification for including the 6-percent preference in the original 1936 act—because of the dormancy of shipbuilding on the west coast at that time—the facts relied upon by the supporters of the preference at that time are not facts now.

We showed, first, that there is existing now a strong shipbuilding industry on the west coast. This fact cannot be disputed. Second, we showed that the west coast, in proportion to the number of ways, has a

87TH CONGRESS
1ST SESSION

S. 1922

IN THE HOUSE OF REPRESENTATIVES

JUNE 22, 1961

Ordered to be printed with the amendment of the House of Representatives

AN ACT

To assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the “Housing Act of 1961”.

4 TITLE I—NEW HOUSING PROGRAMS

5 HOUSING FOR MODERATE INCOME FAMILIES

6 SEC. 101. (a) Section 221 of the National Housing
7 Act is amended by—

8 (1) inserting before the text of such section a sec-

1 tion heading as follows: "HOUSING FOR MODERATE IN-
2 COME AND DISPLACED FAMILIES";

3 ~~(2)~~ striking out subsection ~~(a)~~ and inserting in
4 lieu thereof the following:

5 "~~(a)~~ This section is designed to assist private industry
6 in providing housing for low and moderate income families
7 and families displaced from urban renewal areas or as a
8 result of governmental action.";

9 ~~(3)~~ inserting in subsection ~~(b)~~ after "any mort-
10 gage" the following: "(including advances during con-
11 struction on mortgages covering property of the char-
12 acter described in paragraphs ~~(3)~~ and ~~(4)~~ of subsection
13 ~~(d)~~ of this section)";

14 ~~(4)~~ striking out clauses ~~(A)~~ and ~~(B)~~ in subsec-
15 tion ~~(d)~~ ~~(2)~~ and inserting in lieu thereof the following:
16 "~~(A)~~ not to exceed ~~(i)~~ \$9,000 in the case of a prop-
17 erty upon which there is located a dwelling designed
18 principally for a single-family residence, ~~(ii)~~ \$18,000
19 in the case of a property upon which there is located a
20 dwelling designed principally for a two-family residence,
21 ~~(iii)~~ \$27,000 in the case of a property upon which
22 there is located a dwelling designed principally for a
23 three-family residence, or ~~(iv)~~ \$33,000 in the case of a
24 property upon which there is located a dwelling de-
25 signed principally for a four-family residence: *Provided,*

1 That the Commissioner may increase the foregoing
 2 amounts to not exceed \$15,000, \$25,000, \$32,000,
 3 and \$38,000, respectively, in any geographical area
 4 where he finds that cost levels so require; and (B) in the
 5 case of new construction not to exceed such per centum
 6 of the appraised value of the property as provided in sec-
 7 tion 203(b)(2) with respect to property covered by
 8 a mortgage insured under section 203, and in the
 9 case of repair and rehabilitation the sum of the esti-
 10 mated cost of repair and rehabilitation and the Com-
 11 missioner's estimate of the value of the property before
 12 repair and rehabilitation, except that in no case shall
 13 such mortgage exceed such estimated cost of repair
 14 and rehabilitation, and the amount, if any (as deter-
 15 mined by the Commissioner), required to refinance ex-
 16 isting indebtedness secured by any such property:";

17 (5) striking out the first and third provisos in sub-
 18 section (d)(2) and the colons preceeding those provisos;

19 (6) striking out subsection (d)(3) and inserting
 20 in lieu thereof the following:

21 "(3) if executed by a mortgagor which is a co-
 22 operative (including an investor-sponsor who meets such
 23 requirements as the Commissioner may impose to
 24 assure that the consumer interest is protected), or
 25 a limited dividend corporation (as defined by the

1 Commissioner), or a private nonprofit corporation or
2 association regulated or supervised under Federal or
3 State laws or by political subdivisions of States, or
4 agencies thereof, or by the Commissioner under a regu-
5 latory agreement or otherwise, as to rents, charges,
6 and methods of operation, in such form and in such
7 manner as in the opinion of the Commissioner will
8 effectuate the purposes of this section, the mortgage
9 may involve a principal obligation in an amount—

10 “(i) not to exceed \$12,500,000;

11 “(ii) not to exceed for such part of such prop-
12 erty or project as may be attributable to dwelling
13 use (excluding exterior land improvements as de-
14 fined by the Commissioner), \$2,250 per room (or
15 \$8,500 per family unit if the number of rooms in
16 such property or project is less than four per family
17 unit), except that the Commissioner may in his
18 discretion increase the dollar amount limitation of
19 \$2,250 per room to not to exceed \$2,750 per room,
20 and the dollar amount limitation of \$8,500 per
21 family unit to not to exceed \$9,000 per family unit,
22 as the case may be, to compensate for higher costs
23 incident to the construction of elevator type struc-
24 tures of sound standards of construction and design;
25 and except that the Commissioner may increase

any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,000 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require; and

“(iii) not to exceed (1) in the case of new construction, the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect’s fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner); or (2) in the case of repair and rehabilitation the sum of the estimated cost of repair and rehabilitation and the Commissioner’s estimate of the value of the property before repair and rehabilitation: *Provided*, That in no case shall such mortgage exceed such estimated cost of repair and rehabilitation, and the amount, if any (as determined by the Commissioner), required to refinance existing indebtedness secured by the property or project: *Provided fur-*

1 *ther*, That such property or project, when con-
 2 structed, or repaired and rehabilitated, shall be for
 3 use as a rental or cooperative project, and low and
 4 moderate income families or families displaced by
 5 urban renewal or other governmental action shall be
 6 eligible for occupancy in accordance with such regu-
 7 lations and procedures as may be prescribed by the
 8 Commissioner and that the Commissioner may adopt
 9 such requirements as he determines to be desira-
 10 ble regarding consultation with local public offi-
 11 cials where such consultation is appropriate by
 12 reason of the relationship of such project to proj-
 13 ects under other local programs; or”;

14 ~~(7)~~ striking out in subsection ~~(d)(4)~~ “which is
 15 not a nonprofit organization” and inserting in lieu there-
 16 of “other than a mortgagor referred to in subsection
 17 ~~(d)(3)~~”;

18 ~~(8)~~ striking out subsection ~~(d)(4)(ii)~~ and insert-
 19 ing in lieu thereof the following:

20 “~~(ii)~~ not exceed, for such part of the property
 21 or project as may be attributable to dwelling use
 22 ~~(excluding exterior land improvements as defined~~
 23 ~~by the Commissioner)~~, \$2,250 per room ~~(or \$8,500~~
 24 per family unit if the number of rooms in such prop-
 25 erty or project is less than four per family unit), ex-

cept that the Commissioner may in his discretion increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,750 per room, and the dollar amount limitation of \$8,500 per family unit to not to exceed \$9,000 per family unit, as the case may be, to compensate for higher costs incident to the construction of elevator type structures of sound standards of construction and design, and except that the Commissioner may increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,000 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require;";

(9) striking out in subsection (d)(4)(iv) the language following "(iv)" and preceding "*And provided further*" and inserting in lieu thereof the following: "not exceed 90 per centum of the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation if the proceeds of the mortgage are to be used for the repair and rehabilitation of a property or project: *Provided*, That in no case shall such mortgage exceed such estimated cost of repair and rehabilitation, and the amount, if any (as determined by

1 the Commissioner), required to refinance existing in-
 2 debtedness secured by the property or project:";

3 ~~(10)~~ striking out in subsection ~~(d)(5)~~ "but not
 4 to exceed forty years from the date of insurance of
 5 the mortgage" and inserting in lieu thereof "but as
 6 to mortgages coming within the provisions of subsec-
 7 tion ~~(d)(2)~~ not to exceed forty years from the date
 8 of beginning of amortization of the mortgage";

9 ~~(11)~~ inserting a colon and the following proviso
 10 before the period at the end of subsection ~~(d)~~: "*Pro-*
 11 *vided*, That a mortgage insured under the provisions of
 12 subsection ~~(d)(3)~~ shall bear an interest rate (exclusive
 13 of any premium charges for insurance and service
 14 charge, if any), uniformly established by the Commis-
 15 sioner for all classes of borrowers, at not less than the
 16 annual rate of interest determined, from time to time
 17 by the Secretary of the Treasury at the request of the
 18 Commissioner, by estimating the average market yield
 19 to maturity on all outstanding marketable obligations
 20 of the United States, and by adjusting such yield to the
 21 nearest one-eighth of 1 per centum";

22 ~~(12)~~ inserting the following at the end of subsec-
 23 tion ~~(f)~~: "A property or project covered by a mortgage
 24 insured under the provisions of subsection ~~(d)(3)~~ or
 25 ~~(d)(4)~~ shall include five or more family units. The

1 Commissioner is authorized to adopt such procedures
2 and requirements as he determines are desirable to
3 assure that the dwelling accommodations provided under
4 this section are available to families displaced from ur-
5 ban renewal areas or as a result of governmental action.
6 Notwithstanding any provision of this Act, the Commis-
7 sioner, in order to assist further the provision of housing
8 for low and moderate income families, in his discretion
9 and under such conditions as he may prescribe, may in-
10 sure a mortgage which meets the requirements of sub-
11 section (d)(3) of this section as in effect after the ef-
12 fective date of the Housing Act of 1961, with no pre-
13 mium charge, with a reduced premium charge, or with
14 a premium charge for such period or periods during the
15 time the insurance is in effect as the Commissioner may
16 determine, and there is hereby authorized to be appro-
17 priated, out of any money in the Treasury not otherwise
18 appropriated, such amounts as may be necessary to re-
19 imburse the Section 221 Housing Insurance Fund for
20 any net losses in connection with such insurance. No
21 mortgage shall be insured under subsection (d)(2)
22 or (d)(4) of this section after July 1, 1963, except
23 pursuant to a commitment to insure before that date, or
24 except a mortgage covering property which the Com-

1 missioner finds will assist in the provision of housing for
2 families displaced from urban renewal areas or as a re-
3 sult of governmental action.”;

4 ~~(13)~~ redesignating paragraph ~~(3)~~ of subsection
5 ~~(g)~~ as paragraph ~~(4)~~ and inserting after paragraph
6 ~~(2)~~ of subsection ~~(g)~~ a new paragraph as follows:

7 “~~(3)~~ as to mortgages meeting the requirements of
8 this section, notwithstanding the provisions of para-
9 graphs ~~(1)~~ and ~~(2)~~ of this subsection, the Commis-
10 sioner may, in accordance with such regulations as he
11 may prescribe, acquire a mortgage loan that is in de-
12 fault and the security therefor upon payment to the
13 mortgagee in debentures of a total amount equal to the
14 unpaid principal balance of the loan plus any accrued
15 interest and any advances approved by the Commis-
16 sioner and made previously by the mortgagee under the
17 provisions of the mortgage, and after the acquisition of
18 the mortgage by the Commissioner the mortgagee shall
19 have no further rights, liabilities, or obligations with re-
20 spect to the loan or the security for the loan: *Provided,*
21 That as to mortgages meeting the requirements of sub-
22 section ~~(d)~~-~~(3)~~ of this section, notwithstanding the pro-
23 visions of paragraphs ~~(1)~~ and ~~(2)~~ of this subsection, the
24 Commissioner in his discretion may, in accordance with
25 such regulations as he may prescribe, make payments

1 pursuant to such paragraphs in accordance with the
2 mortgage insurance contract in cash rather than de-
3 bentures, or acquire a mortgage loan that is in default
4 and the security therefor upon payment to the mort-
5 gagee of such total amount in cash rather than debentures,
6 if so provided in the mortgage insurance contract.
7 The appropriate provisions of sections 204 and 207 re-
8 lating to the issuance of debentures shall apply with
9 respect to debentures issued under this subsection, and
10 the appropriate provisions of sections 204 and 207 re-
11 lating to the rights, liabilities, and obligations of a mort-
12 gagee shall apply with respect to the Commissioner
13 when he has acquired an insured mortgage under this
14 subsection, in accordance with and subject to regulations
15 (modifying such provisions to the extent necessary to
16 render their application for such purposes appropriate
17 and effective) which shall be prescribed by the Com-
18 missioner, except that as applied to mortgages insured
19 under this section (A) all references in section 204 to
20 the Fund or Mutual Mortgage Insurance Fund shall
21 be construed to refer to the Section 221 Housing In-
22 surance Fund, (B) all references in section 204 to 'sec-
23 tion 203' shall be construed to refer to this section, and
24 (C) all references in section 207 to the Housing In-
25 surance Fund, Fund, or Housing Fund shall be con-

1 strued to refer to the Section 221 Housing Insurance
2 Fund; or”;

3 ~~(14)~~ striking out in paragraph ~~(4)~~ of subsection
4 ~~(g)~~ ~~(as redesignated by the preceding paragraph)~~ the
5 phrase “this paragraph ~~(3)~~”, each place it appears, and
6 inserting in lieu thereof “this paragraph”; and

7 ~~(15)~~ inserting in the last sentence of subsection
8 ~~(h)~~ after “cash adjustments,” the following: “cash
9 payments,”.

10 ~~(b)~~ Section 101(e) of the Housing Act of 1949 is
11 amended by—

12 ~~(1)~~ striking out “under section 220 or 221” and
13 inserting in lieu thereof “under section 220 or section
14 221(d)(3)”;

15 ~~(2)~~ striking out “of section 220(d), or under sec-
16 tion 221 of the National Housing Act, as amended, if
17 the mortgaged property is in an area described in clause
18 ~~(3)~~ of section 221(a) of said Act, or in a community
19 referred to in clause ~~(2)~~(B) of said section” and in-
20 serting in lieu thereof “of section 220(d) of the Na-
21 tional Housing Act”; and

22 ~~(3)~~ striking out clause ~~(iii)~~ and renumbering
23 clause ~~(iv)~~ as clause ~~(iii)~~.

24 ~~(c)~~ Section 223 of the National Housing Act is
25 amended by redesignating subsection ~~(b)~~ as subsection ~~(c)~~,

1 and by inserting after subsection (a) the following new
2 subsection:

3 “(b) Notwithstanding any of the provisions of this title
4 and without regard to limitations upon eligibility contained
5 in section 221, the Commissioner may in his discretion insure
6 under section 221(d)(3) any mortgage executed by a
7 mortgagor of the character described therein where such
8 mortgage is given to refinance a mortgage insured under
9 this Act and covering an existing property or project (other
10 than a one- to four-family structure) located in an urban
11 renewal area, if the Commissioner finds that such insurance
12 will facilitate the occupancy of dwelling units in the prop-
13 erty or project by families of low or moderate income or
14 families displaced from an urban renewal area or displaced
15 as a result of governmental action.”

16 HOME IMPROVEMENT AND REHABILITATION LOANS

17 SEC. 102. (a) Section 220 of the National Housing
18 Act is amended by—

19 (1) striking out the provisos in subsections
20 (d)(3)(A)(i) and (d)(3)(B)(ii) and inserting in
21 lieu thereof in each subsection the following: *Pro-*
22 *vided, That in the case of properties other than new con-*
23 *struction, the foregoing limitations upon the amount of*
24 *the mortgage shall be based upon the sum of the esti-*
25 *mated cost of repair and rehabilitation and the Com-*

1 missioner's estimate of the value of the property before
 2 repair and rehabilitation rather than upon the Commis-
 3 sioner's estimate of the replacement cost: *Provided fur-*
 4 *ther,* That in no case shall such mortgage exceed such
 5 estimated cost of repair and rehabilitation, and the
 6 amount, if any (as determined by the Commissioner),
 7 required to refinance existing indebtedness secured by
 8 the property or project;";

9 ~~(2)~~ striking out "mortgage insurance" in subsection
 10 ~~(a)~~ and inserting in lieu thereof "loan and mortgage
 11 insurance"; and

12 ~~(3)~~ adding at the end thereof the following sub-
 13 section:

14 ~~"(h)-(1)~~ To assist further in the conservation, improve-
 15 ment, repair, and rehabilitation of property located in the
 16 area of an urban renewal project, as provided in paragraph
 17 ~~(1)~~ of subsection ~~(d)~~ of this section, the Commissioner is
 18 authorized upon such terms and conditions as he may pre-
 19 scribe to make commitments to insure and to insure home
 20 improvement loans (including advances during construction
 21 or improvement) made by financial institutions on and after
 22 the date of enactment of the Housing Act of 1961. As used
 23 in this subsection, 'home improvement loan' means a loan, ad-
 24 vancee of credit or purchase of an obligation representing a
 25 loan or advancee of credit made for the purpose of financing

1 the improvement of an existing structure (or in connection
2 with an existing structure) which was constructed not less
3 than ten years prior to the making of any such loan, ad-
4 vance of credit, or purchase, and which is used or will be
5 used primarily for residential purposes; 'improvement'
6 means conservation, repair, restoration, rehabilitation, con-
7 version, alteration, enlargement, or remodeling; and 'finan-
8 cial institution' means a lender approved by the Commis-
9 sioner as eligible for insurance under section 2 or a mort-
10 gagee approved under section 203(b)(1).

11 ~~“(2)~~ To be eligible for insurance under this subsection,
12 a home improvement loan shall—

13 ~~“(i)~~ not exceed the Commissioner's estimate of the
14 cost of improvement, or \$10,000 per family unit, which-
15 ever is the lesser;

16 ~~“(ii)~~ be limited to an amount which when added
17 to any outstanding indebtedness related to the property
18 (as determined by the Commissioner) creates a total
19 outstanding indebtedness which does not exceed the
20 limits provided in subsection (d)(3) for properties (of
21 the same type) other than new construction;

22 ~~“(iii)~~ bear interest at not to exceed a rate pre-
23 scribed by the Commissioner, but not in excess of 6 per
24 centum per annum of the amount of the principal obli-
25 gation outstanding at any time, and such other charges

1 ~~(including such service charges, appraisal, inspection,~~
2 ~~and other fees)~~ as may be approved by the Commis-
3 sioner;

4 ~~“(iv)~~ have a maturity satisfactory to the Commis-
5 sioner, but not to exceed twenty years from the be-
6 ginning of amortization of the loan or three-quarters of
7 the remaining economic life of the structure, whichever
8 is the lesser;

9 ~~“(v)~~ comply with such other terms, conditions, and
10 restrictions as the Commissioner may prescribe; and

11 ~~“(vi)~~ represent the obligation of a borrower who
12 is the owner of the property improved, or a lessee of
13 the property under a lease for not less than 99 years
14 which is renewable or under a lease having a period of
15 not less than 50 years to run from the beginning of
16 amortization of the loan or advance of credit.

17 ~~“(3)~~ Any home improvement loan insured under this
18 subsection may be refinanced and extended in accordance
19 with such terms and conditions as the Commissioner may
20 prescribe, but in no event for an additional amount or
21 term in excess of the maximum provided for in this sub-
22 section.

23 ~~“(4)~~ There is hereby created a separate Section 220
24 Home Improvement Account to be maintained under the Sec-
25 tion 220 Housing Insurance Fund and to be used by the

1 Commissioner as a revolving fund for carrying out the provi-
2 sions of this subsection. The Commissioner is authorized to
3 transfer to such fund the sum of \$1,000,000 from the War
4 Housing Insurance Fund established pursuant to the provi-
5 sions of section 602 of this Act. Any premium charges, and
6 appraisal and other fees received on account of the insurance
7 of any home improvement loan accepted for insurance under
8 this subsection, and the receipts derived from the sale, collec-
9 tion, deposit, or compromise of any evidence of debt, contract,
10 claim, property, or security assigned to or held by the Com-
11 missioner in connection with the payment of insurance under
12 this subsection, shall be credited to the Section 220 Home Im-
13 provement Account. Insurance claims under this subsection
14 and expenses incurred in the handling, management, renova-
15 tion, and disposal of any properties acquired by the Commis-
16 sioner under this subsection shall be charged to the Section
17 220 Home Improvement Account. General expenses of op-
18 eration of the Federal Housing Administration and other
19 expenses incurred under this subsection may be charged to
20 the Section 220 Home Improvements Account. Moneys in
21 the Account not needed for the current operation of the Fed-
22 eral Housing Administration under this subsection shall be
23 deposited with the Treasurer of the United States to the
24 credit of the Account, or invested in bonds or other obliga-

1 tions of, or in bonds or other obligations guaranteed as to
2 principal and interest by, the United States. In order to
3 protect the solvency of the Section 220 Home Improve-
4 ment Account, adequate security shall be taken in connec-
5 tion with loans insured under this subsection in such manner
6 as the Commissioner may require.

7 “(5) The Commissioner is authorized to fix a premium
8 charge for the insurance of home improvement loans under
9 this subsection but in the case of any such loan such charge
10 shall not be less than an amount equivalent to one-half of
11 1 per centum per annum nor more than an amount equiva-
12 lent to 1 per centum per annum of the amount of the princi-
13 pal obligation of the loan outstanding at any time, without
14 taking into account delinquent payments or prepayments.
15 Such premium charges shall be payable by the financial in-
16 stitution either in cash or in debentures (at par plus accrued
17 interest) issued by the Commissioner as obligations of the
18 Section 220 Home Improvement Account, in such manner
19 as may be prescribed by the Commissioner, and the Com-
20 missioner may require the payment of one or more such
21 premium charges at the time the loan is insured, at such
22 discount rate as he may prescribe not in excess of the in-
23 terest rate specified in the loan. If the Commissioner
24 finds upon presentation of a loan for insurance and the
25 tender of the initial premium charge or charges so required

1 that the loan complies with the provisions of this subsection,
2 such loan may be accepted for insurance by endorsement
3 or otherwise as the Commissioner may prescribe. In the
4 event the principal obligation of any loan accepted for in-
5 surance under this subsection is paid in full prior to the
6 maturity date, the Commissioner is authorized to refund to
7 the financial institution for the account of the borrower all,
8 or such portions as he shall determine to be equitable, of the
9 current unearned premium charges theretofore paid.

10 “(6) In cases of defaults on loans insured under this
11 subsection, upon receiving notice of default, the Commis-
12 sioner, in accordance with such regulations as he may pre-
13 scribe, may acquire the loan and any security therefor upon
14 payment to the financial institution in debentures of a total
15 amount equal to the unpaid principal balance of the loan,
16 plus any accrued interest, any advances approved by the
17 Commissioner made previously by the financial institution
18 under the provisions of the loan instruments, and reimburse-
19 ment for such collection costs, court costs, and attorney
20 fees as may be approved by the Commissioner.

21 “(7) Debentures issued under this subsection shall be
22 executed in the name of the Section 220 Home Improvement
23 Account as obligor, shall be signed by the Commissioner, by
24 either his written or engraved signature, shall be negotiable,
25 and shall be dated as of the date the loan is assigned to the

1 Commissioner and shall bear interest from that date. They
2 shall bear interest at a rate established by the Commissioner
3 pursuant to section 224, payable semiannually on the 1st day
4 of January and the 1st day of July of each year, and shall
5 mature ten years after their date of issuance. They shall
6 be exempt from taxation as provided in section 207(i)
7 with respect to debentures issued under that subsection.
8 They shall be paid out of the Section 220 Home Improve-
9 ment Account which shall be primarily liable therefor and
10 they shall be fully and unconditionally guaranteed as to prin-
11 cipal and interest by the United States, and the guaranty
12 shall be expressed on the face of the debentures. In the event
13 the Section 220 Home Improvement Account fails to pay
14 upon demand, when due, the principal of or interest on any
15 debentures so guaranteed, the Secretary of the Treasury shall
16 pay to the holders the amount thereof which is hereby au-
17 thorized to be appropriated, out of any money in the Treas-
18 ury not otherwise appropriated, and thereupon, to the extent
19 of the amount so paid, the Secretary of the Treasury shall
20 succeed to all the rights of the holders of such debentures.
21 Debentures issued under this subsection shall be in such form
22 and denominations in multiples of \$50, shall be subject to
23 such terms and conditions, and shall include such provisions
24 for redemption, if any, as may be prescribed by the Com-
25 missioner with the approval of the Secretary of the Treasury,

1 and they may be in coupon or registered form. Any differ-
2 erence between the amount of the debentures to which the
3 financial institution is entitled, and the aggregate face value
4 of the debentures issued, not to exceed \$50, shall be adjusted
5 by the payment of cash by the Commissioner to the financial
6 institution from the Section 220 Home Improvement Ac-
7 count.

8 “~~(8)~~ The provisions of subsections ~~(e)~~, ~~(d)~~, and ~~(h)~~
9 of section 2 shall apply to home improvement loans insured
10 under this subsection, and for the purposes of this subsection
11 references in subsections ~~(e)~~, ~~(d)~~, and ~~(h)~~ of section 2 to
12 ‘this section’ or ‘this title’ shall be construed to refer to sec-
13 tion 220~~(h)~~.

14 “~~(9)~~ ~~(A)~~ Notwithstanding any other provisions of this
15 Act, no home improvement loan executed in connection with
16 the improvement of a structure for use as rental accommoda-
17 tions for five or more families shall be insured under this sub-
18 section unless the borrower has agreed ~~(i)~~ to certify, upon
19 completion of the improvement and prior to final endorse-
20 ment of the loan, either that the actual cost of improvement
21 equaled or exceeded the proceeds of the home improvement
22 loan, or the amount by which the proceeds of the loan ex-
23 ceed the actual cost, as the case may be, and ~~(ii)~~ to pay
24 forthwith to the financial institution, for application to the
25 reduction of the principal of the loan, the amount, if any,
26 certified to be in excess of the actual cost of improvement.

1 Upon the Commissioner's approval of the borrower's cer-
2 tification as required under this paragraph, the certification
3 shall be final and incontestable, except for fraud or material
4 misrepresentation on the part of the borrower.

5 “(B) As used in subparagraph (A), the term ‘actual
6 cost’ means the cost to the borrower of the improvement, in-
7 cluding the amounts paid for labor, materials, construction
8 contracts, off-site public utilities, streets, organization and
9 legal expenses, such allocations of general overhead items
10 as are acceptable to the Commissioner, and other items of
11 expense approved by the Commissioner, plus a reasonable
12 allowance for builder's profit if the borrower is also the
13 builder, as defined by the Commissioner, and excluding the
14 amount of any kickbacks, rebates, or trade discounts re-
15 ceived in connection with the improvement.

16 “(10) Notwithstanding any other provision of this Act,
17 the Commissioner is authorized and empowered (i) to make
18 expenditures and advances out of funds made available by
19 this Act to preserve and protect his interest in any security
20 for, or the lien or priority of the lien securing, any loan or
21 other indebtedness owing to, insured by, or acquired by the
22 Commissioner or by the United States under this subsection,
23 or section 2 or 203(k); and (ii) to bid for and to purchase
24 at any foreclosure or other sale or otherwise acquire prop-
25 erty pledged, mortgaged, conveyed, attached, or levied upon

1 to secure the payment of any loan or other indebtedness
 2 owing to or acquired by the Commissioner or by the United
 3 States under this subsection, or section 2 or 203(k). The
 4 authority conferred by this paragraph may be exercised
 5 as provided in the last sentence of section 204(g)."

6 (b) Section 203 of the National Housing Act is
 7 amended by—

8 (1) striking out in subsection (e) "of the mort-
 9 gage" and inserting in lieu thereof "of the loan or mort-
 10 gage";

11 (2) striking out in subsection (e) "approved
 12 mortgagee" each place it appears and inserting in lieu
 13 thereof "approved financial institution or approved
 14 mortgagee"; and

15 (3) adding at the end thereof the following sub-
 16 section:

17 "(k) To supplement the mortgage insurance provisions
 18 of this section in order to assist the conservation, improve-
 19 ment, and alteration of housing, the Commissioner is author-
 20 ized to make commitments to insure and to insure a home
 21 improvement loan (including advances during construction
 22 or improvement) under this subsection in accordance with
 23 the provisions of section 220(h), except that (1) the struc-
 24 tures improved shall be designed for occupancy by not more
 25 than four families and shall not be required to be located in

1 the area of an urban renewal project, ~~(2)~~ the Commissioner
2 shall find that the project with respect to which the loan
3 is executed is economically sound, ~~(3)~~ all funds received
4 and all disbursements made shall be credited or charged, as
5 appropriate, to a separate Section 203 Home Improvement
6 Account to be maintained as hereinafter provided under the
7 Mutual Mortgage Insurance Fund, and ~~(4)~~ insurance bene-
8 fits shall be paid in debentures executed in the name of the
9 Section 203 Home Improvement Account. For the purposes
10 of this subsection, the Commissioner shall have all the author-
11 ity provided in section 220(h), except that insurance bene-
12 fits, other than cash adjustments of less than \$50, shall be
13 paid in debentures having maturities of 20 years after their
14 dates of issuance. The debentures shall be issued in accord-
15 ance with sections 220(h) ~~(6)~~ and 220(h) ~~(7)~~, and refer-
16 ences in section 220(h) to 'this subsection' shall be construed
17 to refer to this section 203(k), references to the Section 220
18 Home Improvement Account shall be construed to refer to
19 the Section 203 Home Improvement Account, and references
20 to the Section 220 Housing Insurance Fund shall be con-
21 strued to refer to the Mutual Mortgage Insurance Fund. All
22 of the provisions in section 220(h) ~~(4)~~ relative to the Sec-
23 tion 220 Home Improvement Account shall be equally appli-
24 cable to the Section 203 Home Improvement Account.
25 There is hereby created a separate section 203 Home Im-

1 improvement Account under the Mutual Mortgage Insurance
 2 Fund which shall be used by the Commissioner as a revolv-
 3 ing fund for carrying out the provisions of this subsection; and
 4 the Commissioner is authorized to transfer to such Account
 5 the sum of \$1,000,000 from the War Housing Insurance
 6 Fund established pursuant to the provisions of section 602 of
 7 this Act. The provisions of section 205(c) shall not be
 8 applicable to loans insured under this subsection."

9 (c) Section 302(b) of the National Housing Act is
 10 amended by adding at the end thereof the following new
 11 sentence: "For the purposes of this title, the term 'mort-
 12 gages' shall be inclusive of any mortgages or other loans in-
 13 sured under any of the provisions of the National Housing
 14 Act."

15 EXPERIMENTAL HOUSING MORTGAGE INSURANCE

16 SEC. 103. Title II of the National Housing Act is
 17 amended by adding at the end thereof the following section:

18 "EXPERIMENTAL HOUSING

19 "SEC. 233. (a) In order to assist in lowering housing
 20 costs and improving housing standards, quality, livability, or
 21 durability or neighborhood design through the utilization
 22 of advanced housing technology, or experimental property
 23 standards, the Commissioner is authorized to insure and
 24 to make commitments to insure, under this section, mort-

1 gages (including, in the case of mortgages insured under
2 subsection ~~(b)(2)~~ of this section, advances on such mort-
3 gages during construction) secured by properties including
4 dwellings involving the utilization and testing of advanced
5 technology in housing design, materials, or construction, or
6 experimental property standards for neighborhood design if
7 the Commissioner determines that ~~(1)~~ the property is an
8 acceptable risk, giving consideration to the need for testing
9 advanced housing technology or experimental property
10 standards, ~~(2)~~ the utilization and testing of the advanced
11 technology or experimental property standards involved will
12 provide data or experience which the Commissioner deems
13 to be significant in reducing housing costs or improving hous-
14 ing standards, quality, livability, or durability, or improving
15 neighborhood design, and ~~(3)~~ the mortgages are eligible for
16 insurance under the provisions of this section and under any
17 further terms and conditions which may be prescribed by the
18 Commissioner to establish the acceptability of the mortgages
19 for insurance.

20 “~~(b)~~ To be eligible for insurance under this section a
21 mortgage shall—

22 “~~(1)~~ meet the requirements of section 203(b),
23 except that the maximum principal obligation of the
24 mortgage as computed under clauses ~~(i)~~, ~~(ii)~~, and
25 ~~(iii)~~ of section 203(b)~~(2)~~ shall be determined on the

1 basis of the Commissioner's estimate of the cost of
2 replacing the property using comparable conventional
3 design, materials, and construction rather than value,
4 and the proviso in section 203(b)-(8) shall not be
5 applicable to mortgages insured under this section, or

6 ~~“(2) meet the requirements of section 207(b) and~~
7 ~~section 207(c), except that the maximum principal~~
8 ~~obligation of the mortgage as computed under section~~
9 ~~207(c)-(2) shall be determined on the basis of the~~
10 ~~Commissioner's estimate of the cost of replacing the~~
11 ~~property using comparable conventional design, mate-~~
12 ~~rials, and construction rather than value.~~

13 ~~“(e) The Commissioner may enter into such contracts,~~
14 ~~agreements, and financial undertakings with the mortgagor~~
15 ~~and others as he deems necessary or desirable to carry out~~
16 ~~the purposes of this section, and may expend available funds~~
17 ~~for such purposes, including the correction (when he deter-~~
18 ~~mines it necessary to protect the occupants), at any time sub-~~
19 ~~sequent to insurance of a mortgage, of defects or failures~~
20 ~~in the dwellings which the Commissioner finds are caused by~~
21 ~~or related to the advanced housing technology utilized in~~
22 ~~their design or construction or experimental property stand-~~
23 ~~ards.~~

24 ~~“(d) The Commissioner may make such investigations~~
25 ~~and analyses of data, and publish and distribute such reports~~

1 as he determines to be necessary or desirable to assure the
2 most beneficial use of the data and information to be acquired
3 as a result of this section.

4 “~~(c)~~ Any mortgagee under a mortgage insured under
5 subsection ~~(b)~~(1) of this section shall be entitled to the
6 benefits of the insurance as provided in section 204 with re-
7 spect to mortgages insured under section 203, and the pro-
8 visions of section 204 may apply to the mortgages insured
9 under subsection ~~(b)~~(1), except that as applied to those
10 mortgages ~~(1)~~ all references therein to the Fund or Mutual
11 Mortgage Insurance Fund shall be construed to refer to the
12 Experimental Housing Insurance Fund, and ~~(2)~~ all refer-
13 ences therein to ‘section 203’ shall be construed to refer to
14 this section.

15 “~~(f)~~ Any mortgagee under a mortgage insured under
16 subsection ~~(b)~~(2) of this section shall be entitled to the
17 benefits of insurance as provided in section 207 with respect
18 to mortgages insured under section 207, except that as ap-
19 plied to mortgages insured under subsection ~~(b)~~(2) of this
20 section ~~(1)~~ all references therein to the Housing Insurance
21 Fund, Fund, or Housing Fund, shall be construed to refer
22 to the Experimental Housing Insurance Fund, and ~~(2)~~ all
23 references therein to ‘this section’ shall be construed to refer
24 to this section 233.

25 “~~(g)~~ Notwithstanding the provisions of subsections ~~(c)~~

1 and ~~(f)~~ of this section, in the case of default of any mort-
2 gage insured under this section, the Commissioner may, in
3 accordance with such regulations as he may prescribe, ac-
4 quire a mortgage loan that is in default and the security
5 therefor upon payment to the mortgagee in debentures of a
6 total amount equal to the unpaid principal balance of the
7 loan plus any accrued interest and any advances approved
8 by the Commissioner made previously by the mortgagee
9 under the provisions of the mortgage. After the acquisition
10 of the mortgage by the Commissioner the mortgagee shall
11 have no further rights, liabilities, or obligations with respect
12 to the mortgage. The appropriate provisions of section 204
13 and 207 relating to the issuance of debentures shall apply
14 with respect to debentures issued under this subsection, and
15 the appropriate provisions of sections 204 and 207 relating
16 to the rights, liabilities, and obligations of a mortgagee shall
17 apply with respect to the Commissioner when he has ac-
18 quired an insured mortgage under this subsection, in accord-
19 ance with and subject to regulations ~~(modifying such provi-~~
20 ~~sions to the extent necessary to render their application for~~
21 ~~such purposes appropriate and effective)~~ which shall be pre-
22 scribed by the Commissioner, except that as applied to
23 mortgages insured under this section ~~(1)~~ all references in
24 section 204 to the Fund or Mutual Mortgage Insurance
25 Fund shall be construed to refer to the Experimental Hous-

ing Insurance Fund, ~~(2)~~ all references therein to 'section 203' shall be construed to refer to this section, and ~~(3)~~ all references in section 207 to the Housing Insurance Fund, Fund or Housing Fund shall be construed to refer to the Experimental Housing Insurance Fund.

“(h) There is hereby created the Experimental Housing Insurance Fund to be used by the Commissioner as a revolving fund to carry out the provisions of this section, and the Commissioner is directed to transfer the sum of \$1,000,000 to the Fund from the War Housing Insurance Fund created by section 602 of this Act. General expenses of operation of the Federal Housing Administration and other expenses incurred under this section may be charged to the Experimental Housing Insurance Fund. The provisions of subsections ~~(d)~~, ~~(e)~~, ~~(h)~~, ~~(i)~~, ~~(j)~~, ~~(k)~~, ~~(l)~~, ~~(m)~~, ~~(n)~~, and ~~(p)~~ of section 207 shall be applicable to a mortgage insured under subsection ~~(b)~~ ~~(2)~~ of this section, and all references in those subsections to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Experimental Housing Insurance Fund.”

INDIVIDUALLY OWNED UNITS IN MULTIFAMILY STRUCTURES

SEC. 104. Title II of the National Housing Act is amended by inserting after section 233 (as added by section 103 of this Act) the following section:

1 “MORTGAGE INSURANCE FOR INDIVIDUALLY OWNED UNITS
2 IN MULTIFAMILY STRUCTURES

3 “SEC. 234. (a) The purpose of this section is to pro-
4 vide an additional means of increasing the supply of pri-
5 vately owned dwelling units where, under the laws of the
6 State in which the property is located, real property title and
7 ownership are established with respect to a one-family unit
8 which is part of a multifamily structure.

9 “(b) The terms ‘mortgage’, ‘mortgagee’, ‘mortgagor’,
10 ‘maturity date’, and ‘State’ shall have the meanings respec-
11 tively set forth in section 201, except that the term ‘mort-
12 gage’ for the purposes of this section may include a first
13 mortgage given to secure the unpaid purchase price of a fee
14 interest in, or a long-term leasehold interest in, a one-
15 family unit in a multifamily structure and an undivided
16 interest in (or share in cooperative ownership of) the com-
17 mon areas and facilities which serve the structure where the
18 mortgage is determined by the Commissioner to be eligible
19 for insurance under this section. The term ‘common areas
20 and facilities’ as used in this section shall be deemed to in-
21 clude the land and such commercial, community, and other
22 facilities as are approved by the Commissioner.

23 “(c) The Commissioner is authorized, in his discretion
24 and under such terms and conditions as he may prescribe
25 (including the minimum number of family units in the

1 structure which shall be offered for sale and provisions for
2 the protection of the consumer and the public interest), to
3 insure any mortgage covering a one-family unit in a multi-
4 family structure and an undivided interest in (or share in
5 cooperative ownership of) the common areas and facilities
6 which serve the structure, if (1) the mortgage meets the
7 requirements of this section and of section 203(b), except
8 as that section is modified by this section, (2) the struc-
9 ture is or has been covered by a mortgage insured under
10 another section (except section 213) of this Act, notwith-
11 standing any requirements in any such section that the struc-
12 ture be constructed or rehabilitated for the purpose of provid-
13 ing rental housing, and (3) the mortgagor is acquiring, or
14 has acquired, a family unit covered by a mortgage insured
15 under this section for his own use and occupancy and will
16 not own more than four one-family units covered by mort-
17 gages insured under this section. Any project proposed to
18 be constructed or rehabilitated after the date of enactment of
19 the Housing Act of 1961 with the assistance of mortgage in-
20 surance under this Act, where the sale of family units is to
21 be assisted with mortgage insurance under this section, shall
22 be subject to such requirements as the Commissioner may
23 prescribe. To be eligible for insurance pursuant to this sec-
24 tion a mortgage shall involve a principal obligation in an
25 amount not to exceed (1) the limits per room and per fam-

1 ily dwelling units provided by section 207(c)(3), and (2)
2 the sum of (i) 97 per centum of \$13,500 of the amount
3 which the Commissioner estimates will be the appraised value
4 of the family unit including common areas and facilities as
5 of the date the mortgage is accepted for insurance, (ii) 90
6 per centum of such value in excess of \$13,500 but not in
7 excess of \$18,000, and (iii) 70 per centum of such value in
8 excess of \$18,000. In determining the amount of a mort-
9 gage in the case of a nonoccupant mortgagor the reference
10 to paragraph (2) of section 203(b) in section 203(b)(8)
11 shall be construed to refer to the preceding sentence in this
12 section. The mortgage shall contain such provisions as the
13 Commissioner determines to be necessary for the mainte-
14 nance of common areas and facilities and the multifamily
15 structure. The mortgagor shall have exclusive right to the
16 use of the one-family unit covered by the mortgage and,
17 together with the owners of other units in the multifamily
18 structure, shall have the right to the use of the common areas
19 and facilities serving the structure and the obligation of main-
20 taining all such common areas and facilities. The Commis-
21 sioner may require that the rights and obligations of the
22 mortgagor and the owners of other dwelling units in the
23 structure shall be subject to such controls as he determines

1 to be necessary and feasible to promote and protect indi-
2 vidual owners, the multifamily structure, and its occupants.
3 For the purposes of this section, the Commissioner is author-
4 ized in his discretion and under such terms and conditions as
5 he may prescribe to permit one-family units and interests in
6 common areas and facilities in multifamily structures cov-
7 ered by mortgages insured under any section of this Act
8 (other than section 213) to be released from the liens of
9 these mortgages.

10 “(d) Any mortgagee under a mortgage insured under
11 this section is entitled to receive the benefits of the insur-
12 ance as provided in section 204(a) of this Act with re-
13 spect to mortgages insured under section 203, and the pro-
14 visions of subsections (b), (c), (d), (e), (f), (g), (h),
15 (j), and (k) of section 204 shall be applicable to the
16 mortgages insured under this section, except that (1) all
17 references in section 204 to the Mutual Mortgage Insurance
18 Fund or the Fund shall be construed to refer to the Apart-
19 ment Unit Insurance Fund, (2) all references therein to
20 ‘section 203’ shall be construed to refer to this section, and
21 (3) the excess remaining, referred to in section 204 (f)(1),
22 shall be retained by the Commissioner and credited to the
23 Apartment Unit Insurance Fund.

24 “(e) There is hereby created the Apartment Unit In-
25 surance Fund which shall be used by the Commissioner as

1 a revolving fund for carrying out the provisions of this sec-
 2 tion. The Commissioner is authorized to transfer to the
 3 Fund the sum of \$1,000,000 from the War Housing Insur-
 4 ance Fund established pursuant to the provisions of section
 5 602 of this Act. General expenses of operation of the Fed-
 6 eral Housing Administration under this section may be
 7 charged to the Apartment Unit Insurance Fund. The pro-
 8 visions of the second and third paragraphs of section 220(g)-
 9 shall be applicable to the Apartment Unit Insurance Fund
 10 and to this section; all references therein to the Section
 11 220 Housing Insurance Fund or the Fund shall be construed
 12 to refer to the Apartment Unit Insurance Fund; and all
 13 references therein to 'this section' shall be construed to refer
 14 to this section 234.

15 “(f) The provisions of sections 225, 229, and 230 shall
 16 be applicable to the mortgages insured under this section.”

17 TITLE II—HOUSING FOR ELDERLY PERSONS AND

18 LOW INCOME FAMILIES

19 HOUSING FOR THE ELDERLY

20 DIRECT LOANS

21 SEC. 201. Section 202 of the Housing Act of 1959 is
 22 amended by—

23 (1) inserting in subsection (a)(1) after the words
 24 “private nonprofit corporations” the following: “; con-
 25 sumer cooperatives, or public bodies or agencies”;

1 ~~(2)~~ inserting in subsection ~~(a)(2)~~ before the
2 words "for the provision" the following: "to any con-
3 sumer cooperative, or to any public body or agency";

4 ~~(3)~~ striking out in subsection ~~(a)(2)~~ "unless the
5 corporation" and inserting in lieu thereof "unless the
6 applicant";

7 ~~(4)~~ striking out in subsection ~~(a)(3)~~ "A loan to a
8 corporation under this section" and inserting in lieu
9 thereof "A loan under this section";

10 ~~(5)~~ striking out in subsection ~~(a)(4)~~ "\$50,000,-
11 000" and inserting in lieu thereof "\$100,000,000";

12 ~~(6)~~ striking out the second sentence in subsection
13 ~~(a)(4)~~; and

14 ~~(7)~~ striking out in subsection ~~(c)(3)~~ "corporation
15 undertaking" and inserting in lieu thereof "corporate
16 body, cooperative, or agency undertaking".

17 LOW-RENT PUBLIC HOUSING

18 ELIGIBILITY REQUIREMENT FOR DISABLED PERSONS

19 SEC. 202. Section 2 of the United States Housing Act
20 of 1937 is amended by striking out the words "has attained
21 the age of fifty and" in the second and third sentences of
22 paragraph ~~(2)~~, and by striking out paragraph ~~(14)~~ and
23 renumbering paragraph ~~(15)~~ to be paragraph ~~(14)~~.

USE OF EXISTING STRUCTURES

SEC. 203. Section 7 of the United States Housing Act of 1937 is amended by adding at the end thereof a new subsection as follows:

“(e) The Housing and Home Finance Administrator and the Public Housing Commissioner shall encourage the undertaking and carrying out of low-rent housing projects involving the acquisition and repair, rehabilitation, or remodeling of existing structures, rather than new construction, whenever it is determined by them that the undertaking and carrying out of such projects is practicable, economical, and consistent with the objectives of this Act. The annual report referred to in subsection (b) of this section shall include information concerning the number of such projects with respect to which loans, contributions, or grants have been made or contracted for under this Act.”

ADDITIONAL SUBSIDY FOR ELDERLY TENANTS

SEC. 204. Section 10(a) of the United States Housing Act of 1937 is amended by inserting a colon and the following proviso before the period at the end of the third sentence thereof: “*Provided*, That the Authority may, in addition to the payments guaranteed under the contract, pay not to exceed \$120 per annum per dwelling unit occupied by an

1 elderly family on the last day of the project fiscal year where
2 such amount, in the determination of the Authority, was
3 necessary to enable the public housing agency to lease the
4 dwelling unit to the elderly family at a rental it could afford
5 and to operate the project on a solvent basis”.

6 DWELLING UNIT AUTHORIZATION

7 SEC. 205. (a) Section 10(e) of the United States Hous-
8 ing Act of 1937 is amended by striking out the first three
9 sentences and inserting in lieu thereof the following: “The
10 Authority is authorized to enter into contracts for annual
11 contributions aggregating not more than \$336,000,000 per
12 annum, but any such contracts for additional units for any
13 one State shall not, after the date of enactment of the
14 Housing Act of 1961, be entered into for more than 15 per
15 centum of the aggregate amount not already guaranteed
16 under contracts for annual contributions on such date: *Pro-*
17 *vided,* That no such new contract for additional units shall
18 be entered into after the date of enactment of the Housing
19 Act of 1961 except with respect to low-rent housing for a
20 locality respecting which the Administrator has made the
21 determination and certification relating to a workable pro-
22 gram as prescribed in section 101(e) of the Housing Act
23 of 1949, and the Authority shall enter into only such
24 new contracts for preliminary loans as are consistent with

1 the number of dwelling units for which contracts for annual
2 contributions may be entered into.”

3 ~~(b)~~ Such Act is further amended by—

4 ~~(1)~~ striking out section 10(i), redesignating sec-
5 tion 15(10) as section 10(i), and transferring section
6 15(10), as so redesignated, to the appropriate place
7 in section 10; and

8 ~~(2)~~ striking out section 21(d).

9 GREATER LOCAL RESPONSIBILITY FOR ADMISSION POLICIES

10 SEC. 206. ~~(a)~~ Section 10(g) of the United States
11 Housing Act of 1937 is amended to read as follows:

12 “~~(g)~~ Every contract for annual contributions for any
13 low-rent housing project shall provide that—

14 “~~(1)~~ the maximum income limits fixed by the pub-
15 lic housing agency shall be subject to the prior approval
16 of the Authority and the Authority may require the
17 agency to review and revise such limits if the Authority
18 determines that changed conditions in the locality make
19 such revisions necessary in achieving the purposes of the
20 Act;

21 “~~(2)~~ the public housing agency shall adopt and
22 promulgate regulations establishing admission policies
23 which shall give full consideration to its responsibility for
24 the rehousing of those displaced by urban renewal or

1 other governmental action; to the applicant's status as a
2 serviceman or veteran or relationship to a serviceman or
3 veteran or to a disabled serviceman or veteran; and to
4 the applicant's age or disability, housing conditions, ur-
5 gency of housing need, and source of income; and

6 “(3) the public housing agency shall determine,
7 and so certify to the Authority, that each family in the
8 project was admitted in accordance with duly adopted
9 regulations and approved income limits; and the public
10 housing agency shall make periodic reexaminations of
11 the incomes of families living in the project and shall
12 require any family whose income has increased beyond
13 the approved maximum income limits for continued
14 occupancy to move from the project unless the public
15 housing agency determines that, due to special circum-
16 stances, the family is unable to find decent, safe and
17 sanitary housing within its financial reach although mak-
18 ing every reasonable effort to do so, in which event
19 such family may be permitted to remain for the dura-
20 tion of such a situation if it pays an appropriate rent.”

21 (b) Sections 10(m) and 15(8) of such Act are
22 repealed.

1 DEMONSTRATION PROGRAMS

2 SEC. 207. (a) Section 11 of the United States Housing
3 Act of 1937 is amended to read as follows:

4 "DEMONSTRATION PROGRAMS

5 "SEC. 11. The Authority is authorized to make grants
6 to public or private bodies or agencies, subject to such terms
7 and conditions as it shall prescribe, for the purposes of
8 developing and demonstrating new or improved means of
9 providing housing, including civil defense shelters, and a
10 suitable living environment for low income persons and
11 families and for obtaining maximum efficiency and economy
12 in the construction and management of low-rent housing.
13 Advances and progress payments may be made, under any
14 contract to make grants under this section, without regard to
15 the provisions of section 3648 of the Revised Statutes, and
16 the Administrator may waive any of the requirements of
17 this Act to the extent he deems necessary to accomplish the
18 purposes of this section. There is hereby authorized to be
19 appropriated not exceeding \$10,000,000 for grants to carry
20 out the purposes of this section, and any amount so appro-
21 priated shall remain available until expended."

1 ~~(b)~~ Section 12 ~~(c)~~ of such Act is amended by striking
2 out “capital”.

3 INCREASED COST LIMITS FOR UNITS FOR THE ELDERLY—

4 ~~NON-FEDERAL AID TO PROJECTS~~

5 SEC. 208 ~~(a)~~ Section 15 of the United States Housing
6 Act of 1937 is amended by—

7 ~~(1)~~ inserting in paragraph ~~(5)~~ after the second
8 parenthetical clause the following: “on which the com-
9 putation of any annual contributions under this Act may
10 be based”;

11 ~~(2)~~ striking out in paragraph ~~(5)~~ “(\$2,500 per
12 room in the case of Alaska or in the case of accommoda-
13 tions designed specifically for elderly families)”; and
14 inserting in lieu thereof “(\$3,000 per room in the case
15 of Alaska, or in the case of accommodations designed
16 specifically for elderly families \$3,000 per room and
17 \$3,500 per room in the case of Alaska)”;

18 ~~(3)~~ striking out paragraph ~~(6)~~; redesignating
19 paragraph ~~(9)~~ as paragraph ~~(6)~~; and transferring para-
20 graph ~~(9)~~, as so redesignated, to the appropriate place
21 in section 15; and

22 ~~(4)~~ striking out “entitled to a first preference as
23 provided in section 10(g)” in paragraph ~~(7)~~(b) and
24 inserting in lieu thereof “displaced by urban renewal or
25 other governmental action”.

1 ~~(b)~~ Section 10(h) of such Act is amended by insert-
 2 ing the following after the word "project" the third time it
 3 appears therein: "~~(exclusive of any portion thereof which~~
 4 is not assisted by annual contributions under this Act)".

5 ~~TITLE III—URBAN RENEWAL AND PLANNING~~

6 ~~POOLING GRANTS-IN-AID BETWEEN PROJECTS~~

7 SEC. 301. ~~(a)~~ Section 103(a) of the Housing Act of
 8 1949 is amended by striking out the second sentence and
 9 inserting in lieu thereof the following: "The aggregate of
 10 such capital grants with respect to all the projects of a
 11 local public agency ~~(or of two or more local public agen-~~
 12 ~~cies in the same municipality)~~ on which contracts for capi-
 13 tal grants have been made under this title shall not exceed
 14 the total of two-thirds of the aggregate net project costs
 15 of such projects undertaken on a two-thirds capital grant
 16 basis and three-fourths of the aggregate net project costs of
 17 such projects which the Administrator, upon request, may
 18 approve on a three-fourths capital grant basis."

19 ~~(b)~~ Section 104 of such Act is amended by striking out
 20 the second sentence and inserting in lieu thereof the follow-
 21 ing: "Such local grants-in-aid, together with the local grants-
 22 in-aid to be provided in connection with all other projects
 23 of the local public agency ~~(or two or more local public agen-~~
 24 ~~cies in the same municipality)~~ on which contracts for capital
 25 grants have theretofore been made, shall be at least equal

1 to the total of one-third of the aggregate net project
 2 costs of such projects undertaken on a two-thirds capital
 3 grant basis and one-fourth of the aggregate net project costs
 4 of such projects undertaken on a three-fourths capital grant
 5 basis”.

6 ~~(c)~~ Section 110(c) of such Act is amended by striking
 7 out in the third and fourth sentences the words “the proviso
 8 in the second sentence of”.

9 INCONTESTABLE FEDERAL OBLIGATIONS IN PRIVATE
 10 FINANCING OF PROJECTS

11 SEC. 302. Section 102(c) of the Housing Act of 1949
 12 is amended by adding at the end thereof the following:
 13 “In connection with any such pledge of a loan contract, in-
 14 cluding loan payments thereunder, as security for the repay-
 15 ment of obligations of the local public agency held by other
 16 than the Federal Government, the Administrator is author-
 17 ized to agree to pay, through operations of a paying agent
 18 or agents, and to pay or cause to be paid when due, from
 19 funds obtained pursuant to subsection (c) of this section,
 20 to the holders of such obligations (or to their agents or
 21 designees) the principal of and the interest on such obliga-
 22 tions, subject to such conditions as the Administrator may
 23 determine but without regard to any other condition or re-
 24 quirement. Notwithstanding any other provision of law, any
 25 contract or other instrument executed by the Administrator

1 which, by its terms, includes an obligation of the Adminis-
2 trator to make payment pursuant to this subsection shall be
3 construed by all officers of the United States separate and
4 apart from the loan contract and shall be incontestable in
5 the hands of a bearer and the full faith and credit of the
6 United States is pledged to the payment of all amounts
7 agreed to be paid by the Administrator pursuant to this
8 subsection.”

9 CAPITAL GRANT AUTHORIZATION

10 SEC. 303. Section 103(b) of the Housing Act of 1949
11 is amended by striking out the first sentence and inserting
12 in lieu thereof the following: “The Administrator may, with
13 the approval of the President, contract to make grants under
14 this title aggregating not to exceed \$4,500,000,000: *Pro-*
15 *vided,* That of such sum the Administrator may, without re-
16 gard to other provisions of this title, contract to make grants
17 aggregating not to exceed \$50,000,000 for mass transpor-
18 tation demonstration projects which he determines would
19 contribute significantly to the development of data and in-
20 formation of general applicability on the reduction of urban
21 transportation needs, the improvement of mass transporta-
22 tion service, and the contribution of such service toward
23 meeting total urban transportation needs at minimum cost.
24 Such grants shall not exceed two-thirds of the cost, as deter-
25 mined or estimated by the Administrator, of the project for

1 which the grant is made and shall be subject to such other
2 terms and conditions as he may prescribe.”

3 RELOCATION PAYMENTS

4 SEC. 304. (a) Section 106(f) of the Housing Act of
5 1949 is amended by—

6 (1) striking out “that no part” in paragraph (1)
7 and inserting in lieu thereof “, except as hereinafter
8 provided, that no part”;

9 (2) striking out “and business concerns” in the
10 first sentence of paragraph (2) and inserting in lieu
11 thereof the following: “business concerns, and nonprofit
12 organizations”;

13 (3) striking out “business concern.” in the sec-
14 ond sentence of paragraph (2) and inserting in lieu
15 thereof the following: “business concern or nonprofit
16 organization: *Provided*, That such amounts may be
17 increased whenever the Administrator determines it to
18 be necessary to compensate any individual, family, or
19 business concern or nonprofit organization for reasonable
20 and necessary moving expenses and actual direct losses
21 of property, but any sums paid hereunder in excess of
22 the \$200 or \$3,000 maximums, as the case may be, shall
23 be included in gross project cost.”; and

24 (4) striking out the last sentence of paragraph (2)
25 and inserting in lieu thereof the following: “Payment

to individuals and families of fixed amounts ~~(not to ex-~~
~~ceed \$200 in any case)~~ may be made in lieu of their
 respective reasonable and necessary moving expenses
 and actual direct losses of property. All payments under
 this subsection shall be subject to such rules, regula-
 tions, and limitations as may be prescribed by the
 Administrator."

~~(b)~~ Section 110(c) of such Act is amended by—

~~(1)~~ striking out at the end of clause (i) the word
 "and";

~~(2)~~ adding "and" at the end of clause (ii); and

~~(3)~~ adding after clause (ii) the following: "~~(iii)~~
 relocation payments, if made pursuant to the second
 proviso in paragraph (2) of section 106(f) hereof;".

FINANCIAL ASSISTANCE FOR DISPLACED BUSINESS

CONCERNS

SEC. 305. ~~(a)~~ Section 7(b) of the Small Business Act
 is amended—

~~(1)~~ by striking out "and" at the end of paragraph
~~(1)~~;

~~(2)~~ by striking out the period at the end of para-
 graph ~~(2)~~ and inserting in lieu thereof "; and";

~~(3)~~ by adding after paragraph ~~(2)~~ a new para-
 graph as follows:

~~"(3)~~ to make such loans ~~(either directly or in co-~~

1 operation with banks or other lending institutions
 2 through agreements to participate on an immediate or
 3 deferred basis) as the Administration may determine to
 4 be necessary or appropriate to assist any small-business
 5 concern in reestablishing its business on a new site, if
 6 the Administration determines that such concern has
 7 suffered substantial economic injury as a result of its
 8 displacement by a federally aided urban renewal or
 9 highway construction program or by any other con-
 10 struction conducted by or with funds provided by the
 11 Federal Government.”; and

12 (4) by adding immediately before the period at the
 13 end of the third sentence the following: “, except that
 14 in the case of a loan made pursuant to paragraph (3),
 15 the rate of interest on the Administration’s share of
 16 any such loan shall not exceed the rate paid by the
 17 Administration on funds obtained from the Secretary
 18 of the Treasury as provided in section 4(e), plus one-
 19 half of one per centum per annum”.

20 (b) Section 2(b) of such Act is amended by inserting
 21 before the period at the end thereof the following: “, and
 22 small-business concerns which are displaced as a result of
 23 federally aided construction programs”.

24 (e) Section 4(e) of such Act is amended—

25 (1) by striking out “\$975,000,000” each place it

appears and inserting in lieu thereof “\$1,025,000,000”;

and

(2) by striking out “\$125,000,000” in the sixth sentence and inserting in lieu thereof “\$175,000,000”.

STATE LIMITATION

SEC. 306. Section 106(c) of the Housing Act of 1949 is amended by striking out “\$100,000,000” and inserting in lieu thereof “\$150,000,000”.

RESALE OF PROPERTY IN URBAN RENEWAL AREAS FOR HOUSING FOR MODERATE INCOME FAMILIES

SEC. 307. (a) Section 107 of the Housing Act of 1949 is amended by—

(1) changing the title thereof to read “PROPERTY TO BE USED FOR PUBLIC HOUSING OR HOUSING FOR MODERATE INCOME FAMILIES”;

(2) inserting “(a)” before the first sentence and striking out the words “to be” in such sentence; and

(3) adding at the end thereof the following new subsection:

“(b) Upon approval of the Administrator and subject to such conditions as he may determine to be in the public interest, any real property held as part of an urban renewal project may be made available to (1) a limited dividend corporation, nonprofit corporation or association, coopera-

1 tive, or public body or agency; or ~~(2)~~ a purchaser who
 2 would be eligible for a mortgage insured under section
 3 ~~221(d)(4)~~ of the National Housing Act, for purchase at
 4 fair value for use by such purchaser in the provision of new
 5 or rehabilitated rental or cooperative housing for occupancy
 6 by families of moderate income.”

7 ~~(b)~~ Clause ~~(4)~~ of the second sentence of section
 8 ~~110(e)~~ of the Housing Act of 1949 is amended by insert-
 9 ing before the semicolon at the end thereof the following:
 10 “or as provided in section ~~107~~”.

11 REHABILITATION

12 SEC. 308. ~~(a)~~ The second sentence of section ~~110(e)~~
 13 of the Housing Act of 1949 is amended by—

14 ~~(1)~~ striking out “and” at the end of paragraph
 15 ~~(5)~~;

16 ~~(2)~~ striking out the period at the end of paragraph
 17 ~~(6)~~ and inserting in lieu thereof “; and”; and

18 ~~(3)~~ adding after paragraph ~~(6)~~ a new paragraph
 19 as follows:

20 “~~(7)~~ acquisition and repair or rehabilitation for guid-
 21 ance purpose and resale by the local public agency of struc-
 22 tures which are located in the urban renewal area and which,
 23 under the urban renewal plan, are to be repaired or re-
 24 habilitated for dwelling use or related facilities.”

25 ~~(b)~~ The third sentence of section ~~110(e)~~ of such Act is

1 amended by inserting after "include" the following: "(ex-
2 cept as provided in paragraph (7) above)".

3 INCREASE IN NONRESIDENTIAL EXCEPTION

4 SEC. 309. The fifth sentence of section 110(e) of the
5 Housing Act of 1949 is amended by striking out all that fol-
6 lows the second colon and inserting in lieu thereof the fol-
7 lowing: "*Provided further, That the aggregate amount of*
8 *capital grants authorized by the Administrator to be con-*
9 *tracted for pursuant to this title with respect to such projects*
10 *after the date of enactment of the Housing Act of 1961 shall*
11 *not exceed 30 per centum of the amount of new grant author-*
12 *ity provided by that Act and subsequent enactments.*"

13 URBAN RENEWAL AREAS INVOLVING COLLEGES,

14 UNIVERSITIES, OR HOSPITALS

15 SEC. 310. Section 112 of the Housing Act of 1949 is
16 amended to read as follows:

17 "URBAN RENEWAL AREAS INVOLVING COLLEGES,

18 UNIVERSITIES, OR HOSPITALS

19 "SEC. 112 (a) In any case where an educational insti-
20 tution or a hospital is located in or near an urban renewal
21 project area and the governing body of the locality deter-
22 mines that, in addition to the elimination of slums and blight
23 from such area, the undertaking of an urban renewal project
24 in such area will further promote the public welfare and
25 the proper development of the community (1) by mak-

1 ing land in such area available for disposition, for uses in
2 accordance with the urban renewal plan, to such educa-
3 tional institution or hospital for redevelopment in accordance
4 with the use or uses specified in the urban renewal plan,
5 (2) by providing, through the redevelopment of the area in
6 accordance with the urban renewal plan, a cohesive neigh-
7 borhood environment compatible with the functions and
8 needs of such educational institution or hospital, or (3) by
9 any combination of the foregoing, the Administrator is au-
10 thorized to extend financial assistance under this title for
11 an urban renewal project in such area without regard to
12 the requirements in section 110 hereof with respect to the
13 predominantly residential character or predominantly resi-
14 dential reuse of urban renewal areas. The aggregate ex-
15 penditures made by any such institution or hospital (di-
16 rectly or through a private redevelopment corporation or
17 municipal or other public corporation) for the acquisition
18 within, adjacent to, or in the immediate vicinity of the
19 project area, of land, buildings, and structures to be rede-
20 veloped or rehabilitated by such institution for educational
21 uses or by a hospital for hospital uses, in accordance with
22 the urban renewal plan (or with a development plan pro-
23 posed by such institution, hospital or corporation, found ac-
24 ceptable by the Administrator after considering the standards
25 specified in section 110(b), and approved under State or

1 local law after public hearing); and for the demolition of
2 such buildings and structures if, pursuant to such urban re-
3 newal or development plan, the land is to be cleared and
4 redeveloped, and for the relocation of occupants from build-
5 ings and structures to be demolished or rehabilitated, as
6 certified by such institution or hospital to the local public
7 agency and approved by the Administrator, shall be a local
8 grant-in-aid in connection with such urban renewal project:

9 *Provided*, That no such expenditure shall be eligible as a
10 local grant-in-aid in any case where the property involved
11 is acquired by such educational institution or hospital from
12 a local public agency which, in connection with its acqui-
13 sition or disposition of such property, has received, or con-
14 tracted to receive, a capital grant pursuant to this title.

15 “(b) No expenditure made by any educational institu-
16 tion or hospital, as provided in subsection (a), shall be
17 deemed ineligible as a local grant-in-aid (1) in connection
18 with any urban renewal project if made not more than five
19 years prior to the authorization by the Administrator of a
20 contract for a loan or capital grant for such project, or (2)
21 in connection with any such project for which the Admin-
22 istrator, prior to September 25, 1963, has authorized a loan
23 or capital grant contract if made not more than five years
24 prior to the submission of an application for financial assist-
25 ance under this title for such urban renewal project.

1 “(e) The aggregate expenditures made by any public
 2 authority, established by any State, for acquisition, demoli-
 3 tion, and relocation in connection with land, buildings, and
 4 structures acquired by such public authority and leased to an
 5 educational institution or educational uses or to a hospital
 6 for hospital uses shall be deemed a local grant-in-aid to the
 7 same extent as if such expenditures had been made directly
 8 by such educational institution or hospital.

9 “(d) As used in this section—

10 “(1) the term ‘educational institution’ means any
 11 educational institution of higher learning, including any
 12 public educational institution or any private educational
 13 institution, no part of the net earnings of which inure to
 14 the benefit of any private shareholder or individual; and

15 “(2) the term ‘hospital’ means any hospital licensed
 16 by the State in which such hospital is located, including
 17 any public hospital or any nonprofit hospital, no part of
 18 the net earnings of which inure to the benefit of any
 19 private shareholder or individual.”

20 URBAN PLANNING ASSISTANCE

21 SEC. 311. (a) Section 701 of the Housing Act of 1954
 22 is amended by—

23 (1) striking out “50 per centum” in the first
 24 sentence of subsection (b) and inserting in lieu thereof
 25 “two thirds”;

1 ~~(2)~~ striking out “\$20,000,000” in the last sentence
2 of subsection ~~(b)~~ and inserting in lieu thereof “\$100,-
3 000,000”;

4 ~~(3)~~ inserting after “public facilities” in clause ~~(1)~~
5 of subsection ~~(d)~~ “, including transportation facilities”;
6 and

7 ~~(4)~~ adding at the end thereof the following new
8 subsection:

9 “~~(f)~~ The consent of the Congress is hereby given to
10 any two or more States to enter into agreements or com-
11 pacts, not in conflict with any law of the United States,
12 for cooperative efforts and mutual assistance in the com-
13 prehensive planning for the physical growth and develop-
14 ment of interstate metropolitan or other urban areas, and
15 to establish such agencies, joint or otherwise, as they may
16 deem desirable for making effective such agreements and
17 compacts.”

18 ~~(b)~~ Section 701 of such Act is further amended by—

19 ~~(1)~~ striking out the matter preceding paragraph
20 ~~(1)~~ of subsection ~~(a)~~ and inserting in lieu thereof the
21 following:

22 “SEC. 701. ~~(a)~~ In order to assist State and local
23 governments in solving planning problems resulting from
24 the increasing concentration of population in metropolitan
25 and other urban areas, including smaller communities, to

1 facilitate comprehensive planning for urban development
 2 on a continuing basis by such governments for urban de-
 3 velopment and the coordination of transportation systems in
 4 urban areas, and to encourage such governments to estab-
 5 lish and improve planning staffs, the Administrator is au-
 6 thorized to make planning grants to—"; and

7 (2) adding at the end of subsection (a) the fol-
 8 lowing:

9 "Planning which may be assisted under this section includes
 10 the preparation of comprehensive mass transportation sur-
 11 veys and plans to aid in solving problems of traffic con-
 12 gestion and facilitating the circulation of people and goods
 13 in urban and metropolitan areas through the development
 14 of comprehensive and coordinated mass transportation sys-
 15 tems. Funds available under this section shall be in addi-
 16 tion to funds available for planning surveys and investi-
 17 gations under other Federally-aided programs, and noth-
 18 ing contained in this section shall be construed as affect-
 19 ing the authority of the Secretary of Commerce under sec-
 20 tion 307 of title 23, United States Code."

21 HISTORICAL SITE IN URBAN RENEWAL AREA

22 SEC. 312. (a) Notwithstanding section 110(c)(4) of
 23 the Housing Act of 1949, as amended, or any other pro-
 24 vision of law, the urban renewal project in Knoxville, Ten-
 25 nessee, known as the Riverfront-Willow Street redevelop-

1 ment project, may include the donation by the Knoxville
2 Housing Authority to the James White's Fort Association,
3 by a suitable instrument of conveyance, of all right, title,
4 and interest of the authority in and to the following de-
5 scribed tract of land, constituting a portion of tract T-2
6 of the said project and containing 0.985 acres more or
7 less:

8 Beginning at an iron pin located at the intersection of the
9 east property line of Collins Alley and the south property
10 line of Rouser Alley; thence in a northerly direction, north
11 32 degrees 35 minutes west, 111.0 feet to an iron pin located
12 in the east property line of Collins Alley; thence in a west-
13 erly direction, south 55 degrees 20 minutes west, 207.0 feet
14 to an iron pin; thence in a southwesterly direction, south 35
15 degrees 05 minutes west, 80 feet to an iron pin; thence in a
16 southerly direction south 27 degrees 25 minutes east, 193.40
17 feet to an iron pin located in the north property line of Hill
18 Avenue; thence in an easterly direction, north 67 degrees
19 43 minutes east, 33.54 feet to an iron pin; thence in an east-
20 erly direction, north 60 degrees 02 minutes east, 31.64 feet
21 to an iron pin; thence in an easterly direction, north 58 de-
22 grees 30 minutes 30 seconds east, 53 feet to an iron pin
23 located in the north property line of Hill Avenue; thence in a
24 northerly direction, north 30 degrees 22 minutes 30 seconds
25 west, 134.03 feet to an iron pin; thence in an easterly direc-

tion, north 59 degrees 21 minutes 30 seconds east, 175.61 feet to the point of beginning.

(b) The conveyance authorized to be included in the Riverfront Willow Street redevelopment project under subsection (a) of this section shall be made only if the James White's Fort Association represents, and furnishes such assurances as may be required by the Knoxville Housing Authority, that such association (1) will undertake the reconstruction on the site conveyed of General James White's cabin and fort, and (2) will develop, preserve, and operate such property on a nonprofit basis as a historical site or monument.

CREDIT FOR COST OF SCHOOL CONSTRUCTION

SEC. 313. No public facility, the provision of which is otherwise eligible as a local grant-in-aid for any urban renewal project receiving assistance under title I of the Housing Act of 1949 in the city of Roanoke, Virginia, and the construction of which was commenced prior to January 1, 1961, shall be deemed to be ineligible as a local grant-in-aid because of any change in the urban renewal plan for such project which is determined by the Housing and Home Finance Administrator to have resulted from the proposed location within the urban renewal area in which such project was undertaken of a federally aided highway. For the purpose of computing the portion of the cost of any

1 such facility which may be allowed as a local grant-in-aid;
 2 the degree of benefit of the facility to such urban renewal
 3 area shall be based on the latest estimate of benefit sub-
 4 mitted by the local public agency and accepted by the
 5 Administrator prior to such change in the urban renewal
 6 plan.

7 TECHNICAL AMENDMENTS

8 SEC. 314. (a) Section 101(c) of the Housing Act of
 9 1949 is amended by inserting in clause (1) after "workable
 10 program" the words "for community improvement".

11 (b) Section 102(a) of such Act is amended by insert-
 12 ing in the second proviso after "demolition and removal"
 13 the first place it appears the following: "; together with
 14 administrative, relocation, and other related costs and pay-
 15 ments,".

16 (c) Clause (4) of the second sentence of section 110
 17 (c) of such Act is amended by striking out "initial".

18 TITLE IV—COLLEGE HOUSING AND COMMUNITY 19 FACILITIES

20 COLLEGE HOUSING

21 SEC. 401. (a) Section 401(d) of the Housing Act of
 22 1950 is amended to read as follows:

23 "(d) To obtain funds for loans under subsection (a) of
 24 this section, the Administrator may issue and have out-
 25 standing at any one time notes and obligations for pur-

1 chase by the Secretary of the Treasury in an amount not
 2 to exceed \$1,775,000,000, which amount shall be increased
 3 by \$250,000,000 on July 1 of each of the years 1961
 4 through 1965: *Provided*, That the amount outstanding for
 5 other educational facilities, as defined herein, shall not exceed
 6 \$175,000,000, which limit shall be increased by \$25,000,000
 7 on July 1 of each of the years 1961 through 1965: *Pro-*
 8 *vided further*, That the amount outstanding for hospitals,
 9 referred to in clause ~~(2)~~ of section 401(b), shall not exceed
 10 \$100,000,000, which limit shall be increased by \$25,000,000
 11 on July 1 of each of such years."

12 ~~(b)~~ Section 403 of such Act is amended by striking out
 13 "10 per centum" and inserting in lieu thereof "12½ per
 14 centum".

15 PUBLIC FACILITY AND MASS TRANSPORTATION LOANS

16 SEC. 402. ~~(a)~~ Section 201 of the Housing Amendments
 17 of 1955 is amended by adding after "public works or facili-
 18 ties" in the second sentence the following: "(including mass
 19 transportation facilities and equipment)".

20 ~~(b)~~ The first sentence of section 202(a) of such Act
 21 is amended by—

22 ~~(1)~~ striking out " , acting through the Community
 23 Facilities Administration, ";

24 ~~(2)~~ striking out "and public corporations, boards,
 25 and commissions established under the laws of any

State,” and inserting in lieu thereof the following: “public corporations, boards, and commissions established under the laws of any State, and privately owned public utilities and cooperatives providing water service to the public at rates or charges which are subject to regulation by a State regulatory body, (1)”;

(3) inserting the following before the period at the end thereof: “, and (2) to finance the acquisition, construction, reconstruction, and improvement of facilities and equipment for use, by operation or lease or otherwise, in mass transportation service in urban areas, and for use in coordinating highway, bus, surface-rail, underground, parking and other transportation facilities in such areas. Such facilities and equipment may include land, but not public highways, and any other real or personal property needed for an economic, efficient, and coordinated mass transportation system”;

(c) Section 202(c) of such Act is amended by striking out “this section” in the first sentence and inserting in lieu thereof “clause (1) of subsection (a) of this section”.

(d) Section 202 of such Act is further amended by adding at the end thereof the following new subsection:

“(d) No loans may be made for transportation facilities or equipment, pursuant to clause (2) of subsection (a) of this section, unless the Administrator determines that there

1 is being actively developed for the urban or other metropoli-
 2 tan area served by the applicant a positive program, meeting
 3 criteria established by the Administrator, for the develop-
 4 ment of a comprehensive and coordinated mass transpor-
 5 tation system, and unless such facilities or equipment can
 6 reasonably be expected to be required for such a system.
 7 Subsequent to three years after the date of enactment of
 8 the Housing Act of 1961, no such loans shall be made unless
 9 the urban or metropolitan area served by the applicant has
 10 such a positive program and the project is part of such
 11 program."

12 ~~(c)~~ Section 203(a) of such Act is amended by—

13 ~~(1)~~ striking out the words "in an amount not ex-
 14 ceeding \$150,000,000, notes and other obligations" in
 15 the first sentence and inserting in lieu thereof the follow-
 16 ing: "notes and other obligations in an amount not
 17 exceeding \$300,000,000: *Provided*, That of the funds
 18 obtained through the issuance of such notes and other
 19 obligations \$100,000,000 shall be available only for
 20 purchases and loans pursuant to clause ~~(2)~~ of section
 21 202(a) of this title"; and

22 ~~(2)~~ inserting before the period at the end of the
 23 third sentence a semicolon and the following: "except
 24 that notes or other obligations issued by the Adminis-
 25 trator to obtain funds to provide financial assistance
 26 under clause ~~(2)~~ of section 202(a) shall bear interest

at a rate determined by the Secretary of the Treasury which shall not be more than the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance by the Administrator of such notes or other obligations, and adjusted to the nearest one-eighth of 1 per centum".

(f) Section 203(b) of such Act is amended by adding the word "be" immediately following "which may".

ADVANCES FOR PUBLIC WORKS PLANNING

SEC. 403. Section 702 of the Housing Act of 1954 is amended by—

(1) striking out in subsection (a) "10" and inserting in lieu thereof "12½"; and

(2) striking out the first sentence of subsection (b) and inserting in lieu thereof the following: "No advance shall be made hereunder with respect to any individual project, including a regional or metropolitan or other area-wide project, unless (1) it is planned to be constructed and there is a reasonable prospect that the project will be constructed within or over a reasonable period of time considering the nature of the project, (2) it conforms to an overall State, local, or regional plan approved by a competent State, local, or regional

1 authority, and ~~(3)~~ the public agency formally con-
2 tracts with the Federal Government to complete the
3 plan preparation promptly and to repay such advance
4 or part thereof when due.”

5 TITLE V—AMENDMENTS TO THE NATIONAL
6 HOUSING ACT

7 FEDERAL NATIONAL MORTGAGE ASSOCIATION

8 SPECIAL ASSISTANCE AUTHORIZATION

9 SEC. 501. Section 305(e) of the National Housing
10 Act is amended to read as follows:

11 “(c) The total amount of purchases and commitments
12 authorized by the President pursuant to subsection (a) of
13 this section shall not exceed \$1,700,000,000 outstanding at
14 any one time.”

15 LIMITATION ON MORTGAGE AMOUNT

16 SEC. 502. Section 302(b) of the National Housing
17 Act is amended by inserting in clause ~~(3)~~ after “803,” the
18 following: “or insured under section 213 and covering prop-
19 erty located in an urban renewal area,”.

20 FHA INSURANCE PROGRAMS

21 LIMITATIONS ON INSURANCE AUTHORIZATIONS

22 SEC. 503. ~~(a)~~ Section 2(a) of the National Housing
23 Act is amended by striking out in the first sentence “1961”
24 and inserting in lieu thereof “1963”.—

25 ~~(b)~~ Section 203(a) of such Act is amended by strik-

1 ing out the colon and all that follows the colon and inserting
2 in lieu thereof a period.

3 ~~(c)~~ Section 217 of such Act is amended to read as
4 follows:

5 “SEC. 217. Except with respect to the insurance of a
6 loan or mortgage pursuant to section 2, subsections 221(d)-
7 ~~(2)~~ and ~~(d) (4)~~, or title VIII of this Act ~~(subject to any~~
8 ~~limitations thereunder on the time of such insurance)~~, no
9 loan or mortgage shall be insured under any provision of
10 this Act after October 1, 1965, except pursuant to a commit-
11 ment to insure before that date.”

12 ~~(d)~~ Section 803(a) of such Act is amended by strik-
13 ing out “1961” and inserting in lieu thereof “1962”, and by
14 striking out “twenty-five thousand” and inserting in lieu
15 thereof “twenty-eight thousand”.

16 AUTHORITY TO REDUCE PREMIUM CHARGES

17 SEC. 504. The first sentence of section 203(c) of the
18 National Housing Act is amended to read as follows: “The
19 Commissioner is authorized to fix premium charges for the
20 insurance of mortgages under the separate sections of this
21 title but in the case of any mortgage such charge shall be
22 not less than an amount equivalent to one-fourth of 1 per
23 centum per annum nor more than an amount equivalent to
24 1 per centum per annum of the amount of the principal
25 obligation of the mortgage outstanding at any time, without

1 taking into account delinquent payments or prepayments:
 2 *Provided*, That any reduced premium charge so fixed and
 3 computed may, in the discretion of the Commissioner, also
 4 be made applicable in such manner as the Commissioner
 5 shall prescribe to each insured mortgage outstanding under
 6 the section or sections involved at the time the reduced pre-
 7 mium charged is fixed”.

8 SECTION 207 RENTAL HOUSING INSURANCE

9 SEC. 505. Section 207 of the National Housing Act is
 10 amended by—

11 ~~(1)~~ striking out the first paragraph of subsection
 12 ~~(b)-(2)~~ and inserting in lieu thereof the following:

13 “~~(2)~~ any other mortgager approved by the Commis-
 14 sioner, which until the termination of all obligations of the
 15 Commissioner under the insurance and during such further
 16 period of time as the Commissioner shall be the owner,
 17 holder, or reinsurer of the mortgage, is regulated or restricted
 18 by the Commissioner as to rents or sales, charges, capital
 19 structure, rate of return, and methods of operation to such
 20 extent and in such manner as to provide reasonable rentals
 21 to tenants and a reasonable return on the investment. The
 22 Commissioner may make such contracts with and acquire, for
 23 not to exceed \$100, such stock or interest in the mortgager
 24 as he may deem necessary to render effective the regulations
 25 or restrictions. The stock or interest acquired by the Com-

1 missioner shall be paid for out of the Housing Fund, and
 2 shall be redeemed by the mortgagor at par upon the termina-
 3 tion of all obligations of the Commissioner under the insur-
 4 ance.”; and

5 ~~(2)~~ inserting in subsection ~~(c)~~~~(3)~~ after the words
 6 “attributable to dwelling use” the following: “(exclud-
 7 ing exterior land improvements as defined by the Com-
 8 missioner)”.

9 SECTION 213 COOPERATIVE HOUSING INSURANCE

10 SEC. 506: ~~(a)~~ Section 213 of the National Housing
 11 Act is amended by—

12 ~~(1)~~ inserting in paragraph ~~(2)~~ of subsection ~~(b)~~
 13 after the words “as may be attributable to dwelling use”
 14 the following: “(excluding exterior land improvements
 15 as defined by the Commissioner)”;

16 ~~(2)~~ striking out “eight or more family units” in
 17 subsection ~~(d)~~ and inserting in lieu thereof “five or
 18 more family units”; and

19 ~~(3)~~ striking out in subsection ~~(h)~~ “such mortgagor
 20 shall not thereafter be eligible by reason of such para-
 21 graph ~~(3)~~ for insurance of any additional mortgage
 22 loans pursuant to this section” and inserting in lieu
 23 thereof the following: “the Commissioner is authorized
 24 to refuse, for such period of time as he shall deem appro-
 25 priate under the circumstances, to insure under this sec-

1 tion any additional investor-sponsor type mortgage loans
 2 made to such mortgagor or to any other investor-
 3 sponsor mortgagor where, in the determination of the
 4 Commissioner, any of its stockholders were identified
 5 with such mortgagor”.

6 (b) Section 213 of such Act is further amended by
 7 adding at the end thereof the following new subsection:

8 “(j) (1) With respect to any property covered by a
 9 mortgage insured under this section, the Commissioner is
 10 authorized, upon such terms and conditions as he may pre-
 11 scribe, to make commitments to insure and to insure sup-
 12 plementary cooperative loans (including advances during
 13 construction or improvement) made by financial institu-
 14 tions approved by the Commissioner. As used in this sub-
 15 section, ‘supplementary cooperative loan’ means a loan, ad-
 16 vance of credit, or purchase of an obligation representing a
 17 loan or advance of credit made for the purposes of financing
 18 any of the following:

19 “(i) improvements or repairs of the property cov-
 20 ered by such mortgage; or

21 “(ii) community facilities necessary to serve the
 22 occupants of the property.

23 “(2) To be eligible for insurance under this subsection,
 24 a supplementary cooperative loan shall—

25 “(i) be limited to an amount which, when added

to the outstanding mortgage indebtedness on the property, creates a total outstanding indebtedness which does not exceed the original principal obligation of the mortgage;

“(ii) have a maturity satisfactory to the Commissioner but not to exceed the remaining term of the mortgage;

“(iii) be secured in such manner as the Commissioner may require;

“(iv) contain such other terms, conditions, and restrictions as the Commissioner may prescribe; and

“(v) represent the obligation of a borrower of the character described in paragraph (1) of subsection (a).”

ADDITIONAL MORTGAGE INSURANCE ON MULTIFAMILY PROJECTS

SEC. 507. (a) Section 223 of the National Housing Act is amended by adding at the end thereof the following new subsection:

“(e) With respect to any mortgage, other than a mortgage covering a one- to four-family structure, heretofore or hereafter insured by the Commissioner, and notwithstanding any other provision of this Act, when the taxes, interest on the mortgage debt, mortgage insurance premiums, hazard insurance premiums, and the expense of maintenance and

1 operation of the project covered by such mortgage during
 2 the first two years following the date of completion of the
 3 project, as determined by the Commissioner, exceed the
 4 project income, the Commissioner may, in his discretion and
 5 upon such terms and conditions as he may prescribe, permit
 6 the excess of the foregoing expenses over the project income
 7 to be added to the amount of such mortgage, and extend the
 8 coverage of the mortgage insurance thereto, and such addi-
 9 tional advance shall be deemed to be part of the original face
 10 amount of the mortgage.”

11 ~~(b)~~ Such section is further amended by striking out
 12 “213, or 222” each time it appears in subsection (a) and
 13 inserting in lieu thereof “213, 220, 221, 222, 231, 232, or
 14 233”.

15 ~~(c)~~ Such section is further amended—

16 ~~(1)~~ by striking out in subsection (a) ~~(7)~~ the
 17 words “section 903 or section 908 of title IX” and in-
 18 serting in lieu thereof “section 220, 221, 903, or 908”;
 19 and

20 ~~(2)~~ by striking out in such subsection the words
 21 “insured under section 608 or 908”.

22 NURSING HOMES

23 SEC. 508. Section 232(d) ~~(2)~~ of the National Housing
 24 Act is amended by striking out the words following the
 25 comma and inserting in lieu thereof the following: “and not

1 to exceed (in the case of a property or project approved for
 2 mortgage insurance prior to the beginning of construction)
 3 90 per centum of the amount which the Commissioner esti-
 4 mates will be the replacement cost of the property or project
 5 when the proposed improvements are completed (the re-
 6 placement cost may include the land, the proposed physical
 7 improvements, utilities within the boundaries of the land,
 8 architect's fees, taxes, interest during construction, and other
 9 miscellaneous charges incident to construction and approved
 10 by the Commissioner, and shall include an allowance for
 11 builder's and sponsor's profit and risk of 10 per centum of
 12 all of the foregoing items except land unless the Com-
 13 missioner, after certification that such allowance is unreason-
 14 able, shall by regulation prescribe a lesser percentage): *Pro-*
 15 *vided*, That in the case of properties other than new con-
 16 struction the principal obligation shall not exceed 90 per
 17 centum of the Commissioner's estimate of the value of the
 18 property or project when the proposed improvements are
 19 completed."

20 TECHNICAL OR CONFORMING AMENDMENTS

21 SEC. 509. (a) Section 203 of the National Housing Act
 22 is amended by (1) striking out in subsection (b) (3) the
 23 words "insurance of the mortgage" and inserting in lieu
 24 thereof "beginning of amortization of the mortgage", and (2)
 25 striking out in the first proviso of the second sentence of

1 subsection (c) the words "particular insurance fund" and
 2 inserting in lieu thereof "particular insurance fund or ac-
 3 count".

4 (b) The second sentence of section 204 (d) of such Act
 5 is amended by inserting after "mortgagee after default," the
 6 following: "except that debentures issued pursuant to the
 7 provisions of section 220(f); section 221(g); and section
 8 233 may be dated as of the date the mortgage is assigned;
 9 or the property is conveyed, to the Commissioner,".

10 (c) The last sentence of section 204(g) of such Act is
 11 amended to read as follows: "The power to convey and to
 12 execute in the name of the Commissioner deeds of convey-
 13 ance, deeds of release, assignments and satisfactions of mort-
 14 gages, and any other written instrument relating to real or
 15 personal property or any interest therein heretofore or here-
 16 after acquired by the Commissioner pursuant to the provi-
 17 sions of this Act, may be exercised by the Commissioner or
 18 by any Assistant Commissioner appointed by him, without
 19 the execution of any express delegation of power or power of
 20 attorney: *Provided*, That nothing in this subsection shall be
 21 construed to prevent the Commissioner from delegating such
 22 power by order or by power of attorney, in his discretion, to
 23 any officer, agent, or employee he may appoint: *And pro-*
 24 *vided further*, That a conveyance or transfer of title to real
 25 or personal property or an interest therein to the Federal

1 Housing Commissioner, his successors and assigns, without
 2 identifying the Commissioner therein, shall be deemed a
 3 proper conveyance or transfer to the same extent and of
 4 like effect as if the Commissioner were personally named
 5 in such conveyance or transfer.”

6 ~~(d)~~ Section 209 of such Act is amended by striking out
 7 in the second sentence “shall be charged as a general ex-
 8 pense of the Fund, the Housing Fund, and the Defense
 9 Housing Insurance Fund in such proportion as the Com-
 10 missioner shall determine” and inserting in lieu thereof
 11 “shall be charged as a general expense of such insurance
 12 fund or funds, or account or accounts, as the Commissioner
 13 shall determine”.

14 ~~(e)~~ Section 212 of such Act is amended by—

15 ~~(1)~~ striking out in the second sentence of subsec-
 16 tion ~~(a)~~ “any mortgage under section 220” and insert-
 17 ing in lieu thereof “any loan or mortgage under section
 18 220 or section 233”; and

19 ~~(2)~~ striking out in the third sentence of subsection
 20 ~~(a)~~ “in subsection ~~(d)~~ ~~(4)~~” and inserting in lieu there-
 21 of “in subsection ~~(d)~~ ~~(3)~~ in the case of a cooperative or
 22 a limited profit mortgagor, or in subsection ~~(d)~~ ~~(4)~~”.

23 ~~(f)~~ The text of section 219 of such Act is amended to
 24 read as follows: “Notwithstanding any limitations contained
 25 in other sections of this Act as to the use of moneys credited

1 to the Title I Insurance Account, the Title I Housing Insur-
 2 ance Fund, the Section 203 Home Improvement Account,
 3 the Housing Insurance Fund, the War Housing Insurance
 4 Fund, the Housing Investment Insurance Fund, the Armed
 5 Services Housing Mortgage Insurance Fund, the National
 6 Defense Housing Insurance Fund, the Section 220 Housing
 7 Insurance Fund, the Section 220 Home Improvement Ac-
 8 count, the Section 221 Housing Insurance Fund, the Ex-
 9 perimental Housing Insurance Fund, the Apartment Unit
 10 Insurance Fund, or the Servicemen's Mortgage Insurance
 11 Fund, the Commissioner is hereby authorized to transfer
 12 funds from any one or more of such insurance funds or ac-
 13 counts to any other such fund or account in such amounts
 14 and at such times as the Commissioner may determine, tak-
 15 ing into consideration the requirements of such funds or ac-
 16 counts, separately and jointly to carry out effectively the
 17 insurance programs for which such funds or accounts were
 18 established."

19 ~~(g)~~ Section 220(f) of such Act is amended by—

20 ~~(1)~~ striking out "or" at the end of paragraph (1),

21 ~~(2)~~ striking out the period at the end of paragraph

22 ~~(2)~~ and inserting in lieu thereof "; or", and

23 ~~(3)~~ adding at the end thereof the following:

24 "~~(3)~~ as to mortgages meeting the requirements of this
 25 section that are insured or initially endorsed for insurance

1 after the date of enactment of the Housing Act of 1961, not-
2 withstanding the provisions of paragraphs (1) and (2) of
3 this subsection, the Commissioner may, in accordance with
4 such regulations as he may prescribe, acquire a mortgage
5 loan that is in default and the security therefor upon payment
6 to the mortgagee in debentures of a total amount equal to the
7 unpaid principal balance of the loan plus any accrued inter-
8 est and any advances approved by the Commissioner and
9 made previously by the mortgagee under the provisions
10 of the mortgage. After the acquisition of the mortgage by
11 the Commissioner the mortgagee shall have no further rights,
12 liabilities, or obligations with respect to the loan or the
13 security for the loan. The appropriate provisions of sections
14 204 and 207 relating to the rights, liabilities, and obligations
15 of a mortgagee shall apply with respect to the Commissioner
16 when he has acquired an insured mortgage under this sub-
17 section, in accordance with and subject to regulations (modi-
18 fying such provisions to the extent necessary to render their
19 application for such purposes appropriate and effective)
20 which shall be prescribed by the Commissioner."

21 (h) The first sentence of section 224 of such Act is
22 amended to read as follows: "Notwithstanding any other
23 provisions of this Act, debentures issued under any section
24 of this Act with respect to a loan or mortgage accepted for
25 insurance on or after thirty days following the effective date

1 of the Housing Act of 1954 ~~(except debentures issued pur-~~
 2 ~~suant to paragraph (4) of section 221(g))~~ shall bear in-
 3 terest at the rate in effect on the date the commitment to in-
 4 sure the loan or mortgage was issued, or the date the loan
 5 or mortgage was endorsed for insurance, or ~~(when there are~~
 6 ~~two or more insurance endorsements)~~ the date the loan or
 7 mortgage was initially endorsed for insurance, whichever
 8 rate is the highest, except that debentures issued pursuant
 9 to section 220(f), section 220(h) ~~(7)~~, section 221(g),
 10 or section 233 may, at the discretion of the Commissioner,
 11 bear interest at the rate in effect on the date they are
 12 issued.”

13 (i) Section 226 of such Act is amended by—

14 (1) striking out in the first sentence “222, or”
 15 and inserting in lieu thereof “222, 233, 234, or”; and

16 (2) striking out in the third sentence the words
 17 “that a written statement setting forth such estimate”
 18 and inserting in lieu thereof the following: “or on the
 19 basis of any other estimates of the Commissioner, that a
 20 written statement setting forth such estimate or esti-
 21 mates, as the case may be,”.

22 (j) Section 227 of the National Housing Act is amended
 23 by—

24 (1) striking out in subsection (a) “or (vi) under
 25 section 810 if the mortgage meets the requirements of

subsection ~~(f)~~" and inserting in lieu thereof "~~(vi)~~
under section 233 if the mortgage meets the require-
ments of subsection ~~(b)(2)~~, or ~~(vii)~~ under section 810
if the mortgage meets the requirements of subsection
~~(f)~~";

~~(2)~~ striking out in subsection ~~(b)~~ the word
"value" and inserting in lieu thereof "value, cost,"; and

~~(3)~~ striking out in the second and third sentences
of subsection ~~(c)~~ "section 221 if the mortgage meets
the requirements of paragraph ~~(4)~~ of subsection ~~(d)~~
thereof, or section 231," and inserting in lieu thereof
"section 221~~(d)(3)~~, section 221~~(d)(4)~~, section 231,
or section 233~~(b)(2)~~,".

~~(k)~~ The text of section 229 of such Act is amended to
read as follows: "Notwithstanding any other provision of
this Act and with respect to any loan or mortgage heretofore
or hereafter insured under this Act, except under section 2,
the Commissioner is authorized to terminate any insurance
contract upon request by the borrower or mortgagor and
the financial institution or mortgagee and upon payment of
such termination charge as the Commissioner determines to
be equitable, taking into consideration the necessity of pro-
tecting the various insurance Funds and Accounts. Upon
such termination, borrowers and mortgagors and financial
institutions and mortgagees shall be entitled to the rights, if

1 any, to which they would be entitled under this Act if the
2 insurance contract were terminated by payment in full of
3 the insured loan or mortgage.”

4 ~~(1)~~ Section 231(c) ~~(2)~~ of such Act is amended to read
5 as follows:

6 “~~(2)~~ not exceed, for such part of such property or
7 project as may be attributable to dwelling use (excluding
8 exterior land improvements as defined by the Commis-
9 sioner), \$2,250 per room (or \$9,000 per family unit if the
10 number of rooms in such property or project is less than four
11 per family unit): *Provided*, That as to projects to consist of
12 elevator-type structures, the Commissioner may, in his dis-
13 cretion, increase the dollar amount limitation of \$2,250 per
14 room to not to exceed \$2,750 per room and the dollar
15 amount limitation of \$9,000 per family unit to not to exceed
16 \$9,400 per family unit, as the case may be, to compensate
17 for the higher costs incident to the construction of elevator-
18 type structures of sound standards of construction and design;
19 except that the Commissioner may, by regulation, increase
20 any of the foregoing dollar amount limitations contained in
21 this paragraph by not to exceed \$1,250 per room, without
22 regard to the number of rooms being less than four, or four
23 or more, in any geographical area where he finds that cost
24 levels so require;”.

1 TITLE VI—OTHER HOUSING PROGRAMS

2 FARM HOUSING

3 SEC. 601. ~~(a)~~ Section 501~~(b)~~ of the Housing Act of
4 1949 is amended by inserting “~~(1)~~” immediately after
5 “~~(b)~~” and by adding at the end thereof a new paragraph
6 as follows:

7 “~~(2)~~ For the purposes of this title, the terms ‘owner’,
8 ‘farm’, and ‘mortgage’ shall be deemed to include, respec-
9 tively, the lessee of, the land included in, and other security
10 interest in, any leasehold interest which the Secretary de-
11 termines has an unexpired term ~~(A)~~ in the case of a loan,
12 for a period sufficiently beyond the repayment period of the
13 loan to provide adequate security and a reasonable proba-
14 bility of accomplishing the objectives for which the loan
15 is made, and ~~(B)~~ in the case of a grant for a period suffi-
16 cient to accomplish the objectives for which the grant is
17 made.”

18 ~~(b)~~ Section 502~~(b)~~~~(1)~~ of such Act is amended by
19 striking out “and such additional security” and inserting in
20 lieu thereof the words “or such other security”.

21 ~~(c)~~ Sections 511, 512, and 513 of such Act are each
22 amended by striking out “1961” and inserting in lieu thereof
23 “1966”.

24 ~~(d)~~ This section shall take effect as of July 1, 1961.

1 HOME OWNERS' LOAN ACT OF 1933

2 SEC. 602. ~~(a)~~ Section 5(c) of the Home Owners' Loan
3 Act of 1933 is amended by striking out "in loans insured
4 under title I of the National Housing Act, as amended," in
5 the first sentence of the second paragraph and inserting in
6 lieu thereof "in loans insured under title I of the National
7 Housing Act, in home improvement loans insured under title
8 II of the National Housing Act,".

9 ~~(b)~~ Section 5(c) of such Act is amended by adding
10 at the end thereof the following new paragraph:

11 "Without regard to any other provision of this subsec-
12 tion, any such association whose general reserves, surplus,
13 and undivided profits aggregate a sum in excess of 5 per
14 centum of its withdrawal accounts is authorized to invest
15 in, to lend to, or to commit itself to lend to any business
16 development credit corporation incorporated in the State in
17 which the head office of such association is situated, in the
18 same manner and to the same extent as the statutes of such
19 State authorize a savings and loan association organized
20 under the laws of said State to invest in, to lend to, or to
21 commit itself to lend to such business development credit
22 corporation, but the aggregate amount of such investments,
23 loans, and commitments of any such association outstanding
24 at any time shall not exceed one-half of 1 per centum of

1 the total outstanding loans made by such association, or
 2 \$250,000, whichever is lesser."

3 FEDERAL RESERVE ACT

4 SEC. 603. Section 24 of the Federal Reserve Act is
 5 amended by inserting at the end of the next to the last para-
 6 graph a sentence as follows: "Home improvement loans
 7 which are insured under the provisions of section 203(k)
 8 or 220(h) of the National Housing Act may be made with-
 9 out regard to the first lien requirements of this section."

10 VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

11 SEC. 604. Section 610(a) of the Housing Act of 1954
 12 is amended by striking out "1961" and inserting in lieu
 13 thereof "1965".

14 DISPOSAL OF PASSYUNK WAR HOUSING PROJECT

15 SEC. 605. Section 802(a) of the Housing Act of 1959
 16 is amended by striking out "five" in the first sentence and
 17 inserting in lieu thereof "six".

18 VETERANS' ADMINISTRATION HOME LOANS

19 SEC. 606. (a)(1) Section 1803 of title 38, United
 20 Stats Code, is amended by striking out subsection (a) and
 21 inserting in lieu thereof the following:

22 "(a)(1) Any loan to a World War II or Korean
 23 conflict veteran, if made within the applicable period pre-
 24 scribed in paragraph (3) of this subsection for any of the

1 purposes, and in compliance with the provisions, specified
2 in this chapter is automatically guaranteed by the United
3 States in an amount not more than 60 per centum of the
4 loan if the loan is made for any of the purposes specified in
5 section 1810 of this title and not more than 50 per centum
6 of the loan if the loan is for any of the purposes specified
7 in section 1812, 1813, or 1814 of this title.

8 “(2) If a loan report or an application for loan guaranty
9 relating to a loan under this chapter is received by the
10 Administrator before the date of the expiration of the vet-
11 eran's entitlement, the loan may be guaranteed or insured
12 under the provisions of this chapter after such date.

13 “(3)(A) A World War II veteran's entitlement to
14 the benefits of this chapter will expire as follows:

15 “(i) ten years from the date of discharge or re-
16 lease from the last period of active duty of the veteran,
17 any part of which occurred during World War II, plus
18 an additional period equal to one year for each four
19 months of active duty performed by the veteran during
20 World War II, except that entitlement shall not con-
21 tinue in any case after July 25, 1967, nor shall entitle-
22 ment expire in any case prior to July 25, 1962; or

23 “(ii) on July 25, 1967, for a veteran discharged
24 or released for a service-connected disability from a

period of active duty; any part of which occurred during World War II.

“(B) A Korean conflict veteran’s entitlement to the benefits of this chapter will expire as follows:

“(i) ten years from the date of discharge or release from the last period of active duty of the veteran; any part of which occurred during the Korean conflict; plus an additional period equal to one year for each four months of active duty performed by the veteran during the Korean conflict; except that entitlement shall not continue in any case after January 31, 1975, nor shall entitlement expire in any case prior to January 31, 1965; or

“(ii) on January 31, 1975, for a veteran discharged or released for a service-connected disability from a period of active duty; any part of which occurred during the Korean conflict.”

“(2) the last sentence of section 1802(b) of title 38, United States Code, is amended to read as follows: “Entitlement restored under this subsection may be used by a World War II veteran at any time before July 26, 1967, and by a Korean conflict veteran at any time before February 1, 1975.”

“(3) Section 1814(b) of title 38, United States Code,

1 is amended ~~(1)~~ by striking out paragraph ~~(3)~~; ~~(2)~~ by
 2 striking out “; and” at the end of paragraph ~~(2)~~ and
 3 inserting a period; and ~~(3)~~ by inserting “and” after the
 4 semicolon at the end of paragraph ~~(1)~~:

5 ~~(b)~~ Paragraphs ~~(2)~~ and ~~(3)~~ of subsection ~~(d)~~ of
 6 section 1814 of title 38, United States Code, are amended
 7 by striking out “\$12,500”, wherever it appears in such
 8 paragraphs, and inserting in lieu thereof “\$15,000”.

9 ~~(c)~~ Subsection ~~(h)~~ of such section 1814 is amended
 10 to read as follows:

11 “~~(h)~~ No loan may be made under this section to any
 12 veteran after the expiration of his entitlement pursuant to
 13 section 1803 ~~(a)~~ ~~(3)~~ of this title except pursuant to a com-
 14 mitment issued by the Administrator before such entitlement
 15 expires.”

16 ~~(d)~~ ~~(1)~~ Section 1823 ~~(a)~~ of title 38, United States
 17 Code, is amended—

18 ~~(A)~~ by deleting “June 30, 1962” in the second
 19 sentence and substituting therefor “June 30, 1961”;

20 ~~(B)~~ by changing the comma to a period in the
 21 fourth sentence and deleting the remainder of that
 22 sentence;

23 ~~(C)~~ by inserting the following new sentences im-
 24 mediately after the third sentence: “The Secretary of
 25 the Treasury shall also advance to the Administrator

1 from time to time such additional sums as the Admin-
2 istrator may request, not in excess of \$100,000,000 to
3 be immediately available, plus an additional amount not
4 in excess of \$100,000,000 after June 30, 1961, plus
5 \$200,000,000 after June 30, 1962, plus \$150,000,000
6 after June 30, 1963, plus \$150,000,000 after June 30,
7 1964, plus \$100,000,000 after June 30, 1965, plus
8 \$100,000,000 after June 30, 1966. Any such author-
9 ized advance which is not requested by the Administrator
10 in the fiscal year in which the advance may be made
11 shall be made thereafter when requested by the Admin-
12 istrator, except that no such request or advance may
13 be made after June 30, 1967. Such authorized ad-
14 vances are not subject to the quarter annual limitation
15 in the second sentence of this subsection, but the amount
16 authorized to be advanced in any fiscal year after June
17 30, 1962, shall be reduced only by the amount which
18 has been returned to the revolving fund during the pre-
19 ceeding fiscal year from the sale of loans pursuant to
20 section 1811(g) of this title."

21 (2) The last sentence of section 1823(e) of title 38,
22 United States Code, is amended by striking out "June 30,
23 1963" and inserting in lieu thereof the following: "June 30,
24 1976".

ADMINISTRATIVE

SEC. 607. Section 502 of the Housing Act of 1948 is amended by—

(1) striking out in subsection (c)(3) the first proviso, the colon thereafter, and the words “*And provided further,*” and inserting in lieu thereof “*Provided,*”; and

(2) adding at the end thereof the following subsection:

“(d) The Housing and Home Finance Administrator, the Federal Housing Commissioner, and the Public Housing Commissioner, respectively, may utilize funds made available to them for salaries and expenses for payment in advance for dues or fees for library memberships in organizations (or for membership of the individual librarians of the respective agencies in organizations which will not accept library membership) whose publications are available to members only, or to members at a price lower than to the general public, and for payment in advance for publications available only upon that basis or available at a reduced price on pre-publication order.”

SEC. 608. Section 814 of the Housing Act of 1954 is amended to read as follows:

1 "RECORDS

2 "SEC. 814. Every contract between the Housing and
3 Home Finance Agency (or any official or constituent
4 thereof) and any person or local body (including any cor-
5 poration or public or private agency or body) for a loan,
6 advance, grant, or contribution under the United States
7 Housing Act of 1937, as amended, the Housing Act of
8 1949, as amended, or any other Act shall provide that such
9 person or local body shall keep such records as the Housing
10 and Home Finance Agency (or such official or constituent
11 thereof) shall from time to time prescribe, including records
12 which permit a speedy and effective audit and will fully
13 disclose the amount and the disposition by such person or
14 local body of the proceeds of the loan, advance, grant, or
15 contribution, or any supplement thereto, the capital cost of
16 any construction project for which any such loan, advance,
17 grant, or contribution is made, and the amount of any private
18 or other non-Federal funds used or grants-in-aid made for
19 or in connection with any such project. No mortgage cov-
20 ering new or rehabilitated multifamily housing (as defined
21 in section 227 of the National Housing Act, as amended)
22 shall be insured unless the mortgagor certifies that he will
23 keep such records as are prescribed by the Federal Housing

1 Commissioner at the time of the certification and that they
 2 will be kept in such form as to permit a speedy and effective
 3 audit. The Housing and Home Finance Agency or any
 4 official or constituent agency thereof and the Comptroller
 5 General of the United States shall have access to and the
 6 right to examine and audit such records. This section shall
 7 become effective on the first day after the first full calendar
 8 month following the date of approval of the Housing Act
 9 of 1961."

10 *That this Act may be cited as the "Housing Act of 1961".*

11 *TITLE I—NEW HOUSING PROGRAMS*

12 *HOUSING FOR MODERATE INCOME FAMILIES*

13 *SEC. 101. (a) Section 221 of the National Housing Act*
 14 *is amended by—*

15 *(1) inserting before the text of such section a section*
 16 *heading as follows:*

17 *"HOUSING FOR MODERATE INCOME AND DISPLACED*
 18 *FAMILIES";*

19 *(2) striking out subsection (a) and inserting in lieu*
 20 *thereof the following:*

21 *"(a) This section is designed to assist private industry*
 22 *in providing housing for low and moderate income families*

1 *and families displaced from urban renewal areas or as a*
2 *result of governmental action.”;*

3 *(3) inserting in subsection (b) after “any mortgage”*
4 *the following: “(including advances during construction*
5 *on mortgages covering property of the character de-*
6 *scribed in paragraphs (3) and (4) of subsection (d) of*
7 *this section)”;*

8 *(4) striking out all of subsection (d)(2) down*
9 *through “other prepaid expenses:” and inserting in lieu*
10 *thereof the following:*

11 *“(2) be secured by property upon which there is*
12 *located a dwelling designed principally for a single-*
13 *family residence, conforming to applicable standards*
14 *prescribed by the Commissioner under subsection (f) of*
15 *this section, and meeting the requirements of all State*
16 *laws, or local ordinances or regulations, relating to the*
17 *public health or safety, zoning, or otherwise, which may*
18 *be applicable thereto, and shall involve a principal obli-*
19 *gation (including such initial service charges, appraisal,*
20 *inspection, and other fees as the Commissioner shall*
21 *approve) in an amount (A) not to exceed \$11,000,*
22 *except that the Commissioner may increase such amount*
23 *to not to exceed \$15,000 in any geographical area where*
24 *he finds that cost levels so require; and (B)(i) in the*
25 *case of new construction, not to exceed the appraised*

1 value (as of the date the mortgage is accepted for
 2 insurance) of any such property, less such amount, in
 3 the case of any mortgagor, as may be necessary to comply
 4 with the succeeding provisos, and (ii) in the case of
 5 repair and rehabilitation, the sum of the estimated cost
 6 of repair and rehabilitation and the Commissioner's esti-
 7 mate of the value of the property before repair and
 8 rehabilitation: Provided, That if the mortgagor is the
 9 owner and occupant of the property at the time of
 10 insurance, he shall have paid on account of the property
 11 at least \$200 in the case of a family displaced from an
 12 urban renewal area or as a result of governmental action,
 13 or at least 3 per centum of the appraised value of the
 14 property as of such time in any other case, which amount
 15 may include amounts to cover settlement costs and initial
 16 payments for taxes, hazard insurance, mortgage insur-
 17 ance premium, and other prepaid expenses:";

18 (5) striking out the last proviso in subsection (d)
 19 (2);

20 (6) striking out subsection (d)(3) and inserting in
 21 lieu thereof the following:

22 "(3) if executed by a mortgagor which is a public
 23 body or agency (other than a public housing agency
 24 under the United States Housing Act of 1937), a co-
 25 operative (including an investor-sponsor who meets such

1 *requirements as the Commissioner may impose to assure*
2 *that the consumer interest is protected), or a limited*
3 *dividend corporation (as defined by the Commissioner),*
4 *or a private nonprofit corporation or association regu-*
5 *lated or supervised under Federal or State laws or by*
6 *political subdivisions of States, or agencies thereof, or*
7 *by the Commissioner under a regulatory agreement or*
8 *otherwise, as to rents, charges, and methods of opera-*
9 *tion, in such form and in such manner as in the opinion*
10 *of the Commissioner will effectuate the purposes of*
11 *this section—*

12 “(i) not exceed \$12,500,000;

13 “(ii) not exceed for such part of such property
14 *or project as may be attributable to dwelling use*
15 *(excluding exterior land improvements as defined*
16 *by the Commissioner), \$2,250 per room (or \$8,500*
17 *per family unit if the number of rooms in such*
18 *property or project is less than four per family*
19 *unit), except that the Commissioner may in his dis-*
20 *cretion increase the dollar amount limitation of*
21 *\$2,250 per room to not to exceed \$2,750 per room,*
22 *and the dollar amount limitation of \$8,500 per*
23 *family unit to not to exceed \$9,000 per family unit,*
24 *as the case may be, to compensate for higher costs*
25 *incident to the construction of elevator-type structures*

1 *of sound standards of construction and design, and*
2 *except that the Commissioner may increase any of*
3 *the foregoing dollar amount limitations contained*
4 *in this paragraph by not to exceed \$1,000 per room*
5 *without regard to the number of rooms being less*
6 *than four, or four or more, in any geographical area*
7 *where he finds that cost levels so require; and*

8 *“(iii) not exceed (1) in the case of new con-*
9 *struction, the amount which the Commissioner esti-*
10 *mates will be the replacement cost of the property*
11 *or project when the proposed improvements are com-*
12 *pleted (the replacement cost may include the land,*
13 *the proposed physical improvements, utilities with-*
14 *in the boundaries of the land, architect's fees, taxes,*
15 *interest during construction, and other miscellaneous*
16 *charges incident to construction and approved by the*
17 *Commissioner), or (2) in the case of repair and*
18 *rehabilitation, the sum of the estimated cost of re-*
19 *pair and rehabilitation and the Commissioner's esti-*
20 *mate of the value of the property before repair and*
21 *rehabilitation: Provided, That such property or*
22 *project, when constructed, or repaired and rehabili-*
23 *tated, shall be for use as a rental or cooperative*
24 *project, and low and moderate income families or*
25 *families displaced by urban renewal or other govern-*

mental action shall be eligible for occupancy in accordance with such regulations and procedures as may be prescribed by the Commissioner and the Commissioner may adopt such requirements as he determines to be desirable regarding consultation with local public officials where such consultation is appropriate by reason of the relationship of such project to projects under other local programs; or”;

(7) striking out in subsection (d)(4) “which is not a nonprofit organization” and inserting in lieu thereof “other than a mortgagor referred to in subsection (d)(3)”;

(8) striking out subsection (d)(4)(ii) and inserting in lieu thereof the following:

“(ii) not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$2,250 per room (or \$8,500 per family unit if the number of rooms in such property or project is less than four per family unit), except that the Commissioner may in his discretion increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,750 per room, and the dollar amount limitation of \$8,500 per family unit to not to exceed \$9,000 per family unit,

1 as the case may be, to compensate for higher costs
2 incident to the construction of elevator type structures
3 of sound standards of construction and design, and
4 except that the Commissioner may increase any of
5 the foregoing dollar amount limitations contained
6 in this paragraph by not to exceed \$1,000 per room
7 without regard to the number of rooms being less
8 than four, or four or more, in any geographical
9 area where he finds that cost levels so require;”;
10 (9) striking out in subsection (d)(4)(iv) all that
11 follows “(iv)” down through “And provided further”
12 and inserting in lieu thereof the following: “not exceed
13 90 per centum of the sum of the estimated cost of repair
14 and rehabilitation and the Commissioner’s estimate of
15 the value of the property before repair and rehabilitation
16 if the proceeds of the mortgage are to be used for the
17 repair and rehabilitation of a property or project:
18 Provided”;

19 (10) striking out in subsection (d)(5) “but not to
20 exceed forty years from the date of insurance of the
21 mortgage” and inserting in lieu thereof “but as to mort-
22 gages coming within the provisions of subsection (d)(2)
23 not to exceed forty years from the date of beginning of
24 amortization of the mortgage in the case of a family dis-
25 placed from an urban renewal area or as a result of

1 *governmental action or thirty-five years from such date*
2 *in any other case,”;*

3 *(11) inserting before the period at the end of sub-*
4 *section (d)(5) the following: “: Provided, That a mort-*
5 *gage insured under the provisions of subsection (d)(3)*
6 *shall bear interest (exclusive of any premium charges for*
7 *insurance and service charge, if any) at not less than*
8 *the annual rate of interest determined, from time to time*
9 *by the Secretary of the Treasury at the request of the*
10 *Commissioner, by estimating the average market yield*
11 *to maturity on all outstanding marketable obligations of*
12 *the United States, and by adjusting such yield to the*
13 *nearest one-eighth of 1 per centum, and there shall be no*
14 *differentiation in the rate of interest charged under this*
15 *proviso as between mortgagors under subsection (d)(3)*
16 *on the basis of differences in the types or classes of such*
17 *mortgagors”;*

18 *(12) inserting the following at the end of subsec-*
19 *tion (f): “A property or project covered by a mortgage*
20 *insured under the provisions of subsection (d)(3) or*
21 *(d)(4) shall include five or more family units. The*
22 *Commissioner is authorized to adopt such procedures*
23 *and requirements as he determines are desirable to as-*
24 *sure that the dwelling accommodations provided under*

1 *this section are available to families displaced from urban*
2 *renewal areas or as a result of governmental action.*
3 *Notwithstanding any provision of this Act, the Com-*
4 *missioner, in order to assist further the provision of*
5 *housing for low and moderate income families, in his*
6 *discretion and under such conditions as he may pre-*
7 *scribe, may insure a mortgage which meets the require-*
8 *ments of subsection (d)(3) of this section as in effect*
9 *after the date of enactment of the Housing Act of 1961,*
10 *with no premium charge, with a reduced premium charge,*
11 *or with a premium charge for such period or periods*
12 *during the time the insurance is in effect as the Com-*
13 *missioner may determine, and there is hereby author-*
14 *ized to be appropriated, out of any money in the*
15 *Treasury not otherwise appropriated, such amounts as*
16 *may be necessary to reimburse the Section 221 Housing*
17 *Insurance Fund for any net losses in connection with*
18 *such insurance; but in any case where the premium*
19 *charge is waived or reduced (either as to amount or*
20 *as to period payable) or where the interest rate as de-*
21 *termined under the proviso in subsection (d)(5) is*
22 *below the market rate for similar mortgages as deter-*
23 *mined by the Commissioner, initial occupancy of a*
24 *project covered by such a mortgage shall be limited under*

1 regulations of the Commissioner to families and indi-
 2 viduals whose incomes make it impossible for them to
 3 obtain decent, safe, and sanitary housing in the pri-
 4 vate market. No mortgage shall be insured under this
 5 section after July 1, 1963, except pursuant to a com-
 6 mitment to insure before that date, or except a mort-
 7 gage covering property which the Commissioner finds
 8 will assist in the provision of housing for families dis-
 9 placed from urban renewal areas or as a result of
 10 governmental action.”;

11 (13) redesignating paragraph (3) of subsection
 12 (g) as paragraph (4) and inserting after paragraph
 13 (2) of subsection (g) a new paragraph as follows:

14 “(3) as to mortgages meeting the requirements of this
 15 section which are insured or initially endorsed for insur-
 16 ance on or after the date of enactment of the Housing Act
 17 of 1961, notwithstanding the provisions of paragraphs
 18 (1) and (2) of this subsection, the Commissioner in his
 19 discretion, in accordance with such regulations as he may
 20 prescribe, may make payments pursuant to such para-
 21 graphs in cash or in debentures (as provided in the
 22 mortgage insurance contract), or may acquire a mortgage
 23 loan that is in default and the security therefor upon
 24 payment to the mortgagee in cash or in debentures (as
 25 provided in the mortgage insurance contract) of a total

1 *amount equal to the unpaid principal balance of the loan*
2 *plus any accrued interest and any advances approved by*
3 *the Commissioner and made previously by the mortgagee*
4 *under the provisions of the mortgage, and after the ac-*
5 *quisition of any such mortgage by the Commissioner the*
6 *mortgagee shall have no further rights, liabilities, or*
7 *obligations with respect to the loan or the security for*
8 *the loan. The appropriate provisions of sections 204*
9 *and 207 relating to the issuance of debentures shall apply*
10 *with respect to debentures issued under this paragraph,*
11 *and the appropriate provisions of sections 204 and 207*
12 *relating to the rights, liabilities, and obligations of a*
13 *mortgagee shall apply with respect to the Commissioner*
14 *when he has acquired an insured mortgage under this*
15 *paragraph, in accordance with and subject to regulations*
16 *(modifying such provisions to the extent necessary to*
17 *render their application for such purposes appropriate*
18 *and effective) which shall be prescribed by the Commis-*
19 *sioner, except that as applied to mortgages so acquired*
20 *(A) all references in section 204 to the Mutual Mortgage*
21 *Insurance Fund or the Fund shall be construed to refer*
22 *to the Section 221 Housing Insurance Fund, (B) all*
23 *references in section 204 to section 203 shall be construed*
24 *to refer to this section, and (C) all references in section*
25 *207 to the Housing Insurance Fund, the Housing Fund,*

1 or the Fund shall be construed to refer to the Section
2 221 Housing Insurance Fund; or”;

3 (14) striking out in paragraph (4) of subsection
4 (g) (as redesignated by the preceding paragraph) the
5 phrase “this paragraph (3)”, each place it appears, and
6 inserting in lieu thereof “this paragraph”; and

7 (15) inserting in the last sentence of subsection (h)
8 after “cash adjustments,” the following: “cash pay-
9 ments,”.

10 (b) Section 101(c) of the Housing Act of 1949 is
11 amended by—

12 (1) striking out “under section 220 or 221” and
13 inserting in lieu thereof “under section 220 or section
14 221(d)(3)”;

15 (2) striking out “of section 220(d), or under sec-
16 tion 221 of the National Housing Act, as amended, if
17 the mortgaged property is in an area described in clause
18 (3) of section 221(a) of said Act, or in a community
19 referred to in clause (2)(B) of said section” and insert-
20 ing in lieu thereof “of section 220(d) of the National
21 Housing Act”; and

22 (3) striking out clause (iii) and renumbering clause
23 (iv) as clause (iii).

1 (c) Section 305 of the National Housing Act is amended
2 by adding at the end thereof a new subsection as follows:

3 “(h) Notwithstanding clause (2) of section 302(b) and
4 any provision of this Act which is inconsistent with this
5 subsection, the Association is authorized (subject to Presi-
6 dential action as provided in subsection (a), as limited by
7 subsection (c)) to purchase pursuant to commitments or
8 otherwise, and to service, sell, or otherwise deal in, mort-
9 gages insured under the provisions of section 221(d)(3) of
10 this Act.”

11 (d) Section 223 of the National Housing Act is
12 amended by redesignating subsection (b) as subsection (c),
13 and by inserting after subsection (a) the following new sub-
14 section:

15 “(b) Notwithstanding any of the provisions of this title
16 and without regard to limitations upon eligibility contained
17 in section 221, the Commissioner may in his discretion insure
18 under section 221(d)(3) any mortgage executed by a
19 mortgagor of the character described therein where such
20 mortgage is given to refinance a mortgage covering an exist-
21 ing property or project (other than a one- to four-family
22 structure) located in an urban renewal area, if the Commis-
23 sioner finds that such insurance will facilitate the occupancy

1 of dwelling units in the property or project by families of
 2 low or moderate income or families displaced from an urban
 3 renewal area or displaced as a result of governmental action."

4 **HOME IMPROVEMENT AND REHABILITATION LOANS**

5 **SEC. 102.** (a) Section 220 of the National Housing Act
 6 is amended by—

7 (1) striking out the provisos in subsections
 8 (d)(3)(A)(i) and (d)(3)(B)(ii) and inserting in
 9 lieu thereof in each subsection the following: ": Pro-
 10 vided, That in the case of properties other than new con-
 11 struction, the foregoing limitations upon the amount of
 12 the mortgage shall be based upon the sum of the esti-
 13 mated cost of repair and rehabilitation and the Com-
 14 missioner's estimate of the value of the property before
 15 repair and rehabilitation rather than upon the Commis-
 16 sioner's estimate of the replacement cost";

17 (2) striking out "mortgage insurance" in subsection
 18 (a) and inserting in lieu thereof "loan and mortgage
 19 insurance"; and

20 (3) adding at the end thereof the following sub-
 21 section:

22 "(h)(1) To assist further in the conservation, improve-
 23 ment, repair, and rehabilitation of property located in the
 24 area of an urban renewal project, as provided in paragraph
 25 (1) of subsection (d) of this section, the Commissioner is

1 authorized upon such terms and conditions as he may pre-
 2 scribe to make commitments to insure and to insure home
 3 improvement loans (including advances during construction
 4 or improvement) made by financial institutions on and after
 5 the date of enactment of the Housing Act of 1961. As used
 6 in this subsection, 'home improvement loan' means a loan, ad-
 7 vance of credit or purchase of an obligation representing a
 8 loan or advance of credit made for the purpose of financing
 9 the improvement of an existing structure (or in connection
 10 with an existing structure) used or to be used primarily for
 11 residential purposes; 'improvement' means conservation, re-
 12 pair, restoration, rehabilitation, conversion, alteration, en-
 13 largement, or remodeling; and 'financial institution' means a
 14 lender approved by the Commissioner as eligible for insurance
 15 under section 2 or a mortgagee approved under section
 16 203(b)(1).

17 “(2) To be eligible for insurance under this subsection,
 18 a home improvement loan shall—

19 “(i) not exceed the Commissioner's estimate of the
 20 cost of improvement, or \$10,000 per family unit, which-
 21 ever is the lesser;

22 “(ii) be limited to an amount which when added
 23 to any outstanding indebtedness related to the property
 24 (as determined by the Commissioner) creates a total
 25 outstanding indebtedness which does not exceed the

limits provided in subsection (d)(3) for properties (of the same type) other than new construction;

“(iii) bear interest at not to exceed a rate prescribed by the Commissioner, but not in excess of 6 per centum per annum of the amount of the principal obligation outstanding at any time, and such other charges (including such service charges, appraisal, inspection, and other fees) as may be approved by the Commissioner;

“(iv) have a maturity satisfactory to the Commissioner, but not to exceed twenty years from the beginning of amortization of the loan or three-quarters of the remaining economic life of the structure, whichever is the lesser;

“(v) comply with such other terms, conditions, and restrictions as the Commissioner may prescribe; and

“(vi) represent the obligation of a borrower who is the owner of the property improved, or a lessee of the property under a lease for not less than 99 years which is renewable or under a lease having a period of not less than 50 years to run from the date of the loan.

“(3) Any home improvement loan insured under this subsection may be refinanced and extended in accordance with such terms and conditions as the Commissioner may

1 *prescribe, but in no event for an additional amount or term in*
2 *excess of the maximum provided for in this subsection.*

3 “(4) *There is hereby created a separate Section 220*
4 *Home Improvement Account to be maintained under the Sec-*
5 *tion 220 Housing Insurance Fund and to be used by the*
6 *Commissioner as a revolving fund for carrying out the provi-*
7 *sions of this subsection. The Commissioner is authorized to*
8 *transfer to such fund the sum of \$1,000,000 from the War*
9 *Housing Insurance Fund established pursuant to the provi-*
10 *sions of section 602 of this Act. Any premium charges, and*
11 *appraisal and other fees received on account of the insurance of*
12 *any home improvement loan accepted for insurance under this*
13 *subsection, and the receipts derived from the sale, collection,*
14 *deposit, or compromise of any evidence of debt, contract,*
15 *claim, property, or security assigned to or held by the Com-*
16 *missioner in connection with the payment of insurance under*
17 *this subsection, shall be credited to the Section 220 Home Im-*
18 *provement Account. Insurance claims under this subsection*
19 *and expenses incurred in the handling, management, renova-*
20 *tion, and disposal of any properties acquired by the Commis-*
21 *sioner under this subsection shall be charged to the Section*
22 *220 Home Improvement Account. General expenses of*
23 *operation of the Federal Housing Administration and other*

1 expenses incurred under this subsection may be charged to
2 the Section 220 Home Improvement Account. Moneys in
3 the Account not needed for the current operation of the Fed-
4 eral Housing Administration under this subsection shall be
5 deposited with the Treasurer of the United States to the
6 credit of the Account, or invested in bonds or other obliga-
7 tions of, or in bonds or other obligations guaranteed as to
8 principal and interest by, the United States. In order to
9 protect the solvency of the Section 220 Home Improve-
10 ment Account, adequate security shall be taken in connec-
11 tion with loans insured under this subsection in such manner
12 as the Commissioner may require.

13 “(5) The Commissioner is authorized to fix a premium
14 charge for the insurance of home improvement loans under
15 this subsection but in the case of any such loan such charge
16 shall not be less than an amount equivalent to one-half of 1 per
17 centum per annum nor more than an amount equivalent to
18 1 per centum per annum of the amount of the principal
19 obligation of the loan outstanding at any time, without taking
20 into account delinquent payments or prepayments. Such
21 premium charges shall be payable by the financial institu-
22 tion either in cash or in debentures (at par plus accrued
23 interest) issued by the Commissioner as obligations of
24 the Section 220 Home Improvement Account, in such
25 manner as may be prescribed by the Commissioner,

1 and the Commissioner may require the payment of one
2 or more such premium charges at the time the loan is
3 insured, at such discount rate as he may prescribe not in
4 excess of the interest rate specified in the loan. If the Com-
5 missioner finds upon presentation of a loan for insurance
6 and the tender of the initial premium charge or charges so
7 required that the loan complies with the provisions of this
8 subsection, such loan may be accepted for insurance by en-
9 dorsement or otherwise as the Commissioner may prescribe.
10 In the event the principal obligation of any loan ac-
11 cepted for insurance under this subsection is paid in full
12 prior to the maturity date, the Commissioner is authorized
13 to refund to the financial institution for the account of the
14 borrower all, or such portions as he shall determine to be
15 equitable, of the current unearned premium charges thereto-
16 fore paid.

17 “(6) In cases of defaults on loans insured under this
18 subsection, upon receiving notice of default, the Commis-
19 sioner, in accordance with such regulations as he may pre-
20 scribe, may acquire the loan and any security therefor upon
21 payment to the financial institution in cash or in debentures
22 (as provided in the loan insurance contract) of a total
23 amount equal to the unpaid principal balance of the loan,
24 plus any accrued interest, any advances approved by the
25 Commissioner made previously by the financial institution

1 under the provisions of the loan instruments, and reimburse-
2 ment for such collection costs, court costs, and attorney
3 fees as may be approved by the Commissioner.

4 “(7) Debentures issued under this subsection shall be
5 executed in the name of the Section 220 Home Improvement
6 Account as obligor, shall be signed by the Commissioner, by
7 either his written or engraved signature, shall be negotiable,
8 and shall be dated as of the date the loan is assigned to the
9 Commissioner and shall bear interest from that date. They
10 shall bear interest at a rate established by the Commissioner
11 pursuant to section 224, payable semiannually on the 1st day
12 of January and the 1st day of July of each year, and shall
13 mature ten years after their date of issuance. They
14 shall be exempt from taxation as provided in section 207(i)
15 with respect to debentures issued under that section. They
16 shall be paid out of the Section 220 Home Improvement Ac-
17 count which shall be primarily liable therefor and they
18 shall be fully and unconditionally guaranteed as to principal
19 and interest by the United States, and the guaranty shall be
20 expressed on the face of the debentures. In the event the
21 Section 220 Home Improvement Account fails to pay upon
22 demand, when due, the principal of or interest on any de-
23 bentures so guaranteed, the Secretary of the Treasury shall
24 pay to the holders the amount thereof which is hereby au-
25 thorized to be appropriated, out of any money in the Treas-

1 *ury not otherwise appropriated, and thereupon, to the extent*
2 *of the amount so paid, the Secretary of the Treasury shall*
3 *succeed to all the rights of the holders of such debentures.*
4 *Debentures issued under this subsection shall be in such form*
5 *and denominations in multiples of \$50, shall be subject to*
6 *such terms and conditions, and shall include such provisions*
7 *for redemption, if any, as may be prescribed by the Com-*
8 *missioner with the approval of the Secretary of the Treasury,*
9 *and they may be in coupon or registered form. Any differ-*
10 *ence between the amount of the debentures to which the*
11 *financial institution is entitled, and the aggregate face value*
12 *of the debentures issued, not to exceed \$50, shall be adjusted*
13 *by the payment of cash by the Commissioner to the financial*
14 *institution from the Section 220 Home Improvement Account.*

15 *“(8) The provisions of subsections (c), (d), and (h)*
16 *of section 2 shall apply to home improvement loans insured*
17 *under this subsection, and for the purposes of this subsection*
18 *references in subsections (c), (d), and (h) of section 2 to*
19 *‘this section’ or ‘this title’ shall be construed to refer to this*
20 *subsection.*

21 *“(9)(A) Notwithstanding any other provisions of this*
22 *Act, no home improvement loan executed in connection with*
23 *the improvement of a structure for use as rental accommoda-*
24 *tions for five or more families shall be insured under this sub-*
25 *section unless the borrower has agreed (i) to certify, upon*

1 completion of the improvement and prior to final endorse-
2 ment of the loan, either that the actual cost of improvement
3 equaled or exceeded the proceeds of the home improvement
4 loan, or the amount by which the proceeds of the loan ex-
5 ceed the actual cost, as the case may be, and (ii) to pay
6 forthwith to the financial institution, for application to the
7 reduction of the principal of the loan, the amount, if any,
8 certified to be in excess of the actual cost of improvement.
9 Upon the Commissioner's approval of the borrower's cer-
10 tification as required under this paragraph, the certification
11 shall be final and incontestable, except for fraud or material
12 misrepresentation on the part of the borrower.

13 “(B) As used in subparagraph (A), the term ‘actual
14 cost’ means the cost to the borrower of the improvement, in-
15 cluding the amounts paid for labor, materials, construction
16 contracts, off-site public utilities, streets, organization and legal
17 expenses, such allocations of general overhead items as are
18 acceptable to the Commissioner, and other items of expense
19 approved by the Commissioner, plus a reasonable allowance
20 for builder's profit if the borrower is also the builder, as
21 defined by the Commissioner, and excluding the amount of
22 any kickbacks, rebates, or trade discounts received in con-
23 nection with the improvement.

24 “(10) Notwithstanding any other provision of this Act,
25 the Commissioner is authorized and empowered (i) to make

1 expenditures and advances out of funds made available by
 2 this Act to preserve and protect his interest in any security
 3 for, or the lien or priority of the lien securing, any loan or
 4 other indebtedness owing to, insured by, or acquired by the
 5 Commissioner or by the United States under this subsec-
 6 tion, or section 2 or 203(k); and (ii) to bid for and to
 7 purchase at any foreclosure or other sale or otherwise acquire
 8 property pledged, mortgaged, conveyed, attached, or levied
 9 upon to secure the payment of any loan or other indebtedness
 10 owing to or acquired by the Commissioner or by the United
 11 States under this subsection, or section 2 or 203(k). The
 12 authority conferred by this paragraph may be exercised
 13 as provided in the last sentence of section 204(g)."

14 (b) Section 203 of the National Housing Act is
 15 amended by—

16 (1) striking out in subsection (e) "of the mort-
 17 gage" and inserting in lieu thereof "of the loan or mort-
 18 gage";

19 (2) striking out in subsection (e) "approved
 20 mortgagee" each place it appears and inserting in lieu
 21 thereof "approved financial institution or approved
 22 mortgagee"; and

23 (3) adding at the end thereof the following sub-
 24 section:

25 "(k) To supplement the mortgage insurance provisions

1 of this section in order to assist the conservation, improve-
2 ment, and alteration of housing, the Commissioner is author-
3 ized to make commitments to insure and to insure a home
4 improvement loan (including advances during construction
5 or improvement) under this subsection in accordance with
6 the provisions of section 220(h), except that (1) the struc-
7 tures improved shall be designed for occupancy by not more
8 than four families and shall not be required to be located in
9 the area of an urban renewal project, (2) the Commissioner
10 shall find that the project with respect to which the loan
11 is executed is economically sound, (3) all funds received
12 and all disbursements made shall be credited or charged, as
13 appropriate, to a separate Section 203 Home Improvement
14 Account to be maintained as hereinafter provided under the
15 Mutual Mortgage Insurance Fund, and (4) insurance bene-
16 fits shall be paid in debentures executed in the name of the
17 Section 203 Home Improvement Account. For the purposes
18 of this subsection, the Commissioner shall have all the author-
19 ity provided in section 220(h). Debentures issued with
20 respect to loans insured under this subsection shall be issued
21 in accordance with sections 220(h)(6) and 220(h)(7),
22 except that as applied to those loans references in section
23 220(h) to 'this subsection' shall be construed to refer to this
24 section 203(k), references to the Section 220 Home Improve-
25 ment Account shall be construed to refer to the Section 203

1 *Home Improvement Account, and references to the Section*
 2 *220 Housing Insurance Fund shall be construed to refer to*
 3 *the Mutual Mortgage Insurance Fund. All of the provisions in*
 4 *section 220(h)(4) relative to the Section 220 Home Improve-*
 5 *ment Account shall be equally applicable to the Section 203*
 6 *Home Improvement Account. There is hereby created a sepa-*
 7 *rate Section 203 Home Improvement Account under the Mu-*
 8 *tual Mortgage Insurance Fund which shall be used by the*
 9 *Commissioner as a revolving fund for carrying out the provi-*
 10 *sions of this subsection, and the Commissioner is authorized to*
 11 *transfer to such Account the sum of \$1,000,000 from the*
 12 *War Housing Insurance Fund established pursuant to the*
 13 *provisions of section 602 of this Act. The provisions of sec-*
 14 *tion 205(c) shall not be applicable to loans insured under*
 15 *this subsection."*

16 *(c) Section 305 of the National Housing Act is amended*
 17 *by adding at the end thereof (after the new subsection added*
 18 *by section 101(c) of this Act) the following new subsection:*
 19 *"(i) Notwithstanding any other provision of this Act,*
 20 *the Association is authorized (subject to Presidential action*
 21 *as provided in subsection (a), as limited by subsection (c))*
 22 *to purchase pursuant to commitments or otherwise, and to*
 23 *service, sell, or otherwise deal in, any home improvement loans*
 24 *insured under section 220(h) of this Act."*

1 *EXPERIMENTAL HOUSING MORTGAGE INSURANCE*

2 *SEC. 103. Title II of the National Housing Act is*
3 *amended by adding at the end thereof the following section:*

4 *“EXPERIMENTAL HOUSING*

5 *“SEC. 233. (a) In order to assist in lowering housing*
6 *costs and improving housing standards, quality, livability, or*
7 *durability or neighborhood design through the utilization*
8 *of advanced housing technology, or experimental property*
9 *standards, the Commissioner is authorized to insure and*
10 *to make commitments to insure, under this section, mort-*
11 *gages (including, in the case of mortgages insured under*
12 *subsection (b)(2) of this section, advances on such mort-*
13 *gages during construction) secured by properties including*
14 *dwellings involving the utilization and testing of advanced*
15 *technology in housing design, materials, or construction, or*
16 *experimental property standards for neighborhood design if*
17 *the Commissioner determines that (1) the property is an*
18 *acceptable risk, giving consideration to the need for testing*
19 *advanced housing technology or experimental property*
20 *standards, (2) the utilization and testing of the advanced*
21 *technology or experimental property standards involved will*
22 *provide data or experience which the Commissioner deems*
23 *to be significant in reducing housing costs or improving hous-*
24 *ing standards, quality, livability, or durability, or improving*
25 *neighborhood design, and (3) the mortgages are eligible for*

1 insurance under the provisions of this section and under any
2 further terms and conditions which may be prescribed by the
3 Commissioner to establish the acceptability of the mortgages
4 for insurance.

5 “(b) To be eligible for insurance under this section a
6 mortgage shall—

7 “(1) meet the requirements of section 203(b),
8 except that the maximum principal obligation of the
9 mortgage as computed under clauses (i), (ii), and
10 (iii) of section 203(b)(2) shall be determined on the
11 basis of the Commissioner’s estimate of the cost of
12 replacing the property using comparable conventional
13 design, materials, and construction rather than value,
14 and the proviso in section 203(b)(8) shall not be
15 applicable to mortgages insured under this section; or

16 “(2) meet the requirements of section 207(b) and
17 section 207(c), except that the maximum principal
18 obligation of the mortgage as computed under section
19 207(c)(2) shall be determined on the basis of the
20 Commissioner’s estimate of the cost of replacing the
21 property using comparable conventional design, mate-
22 rials, and construction rather than value.

23 “(c) The Commissioner may enter into such contracts,
24 agreements, and financial undertakings with the mortgagor
25 and others as he deems necessary or desirable to carry out

1 *the purposes of this section, and may expend available funds*
2 *for such purposes, including the correction (when he deter-*
3 *mines it necessary to protect the occupants), at any time sub-*
4 *sequent to insurance of a mortgage, of defects or failures*
5 *in the dwellings which the Commissioner finds are caused*
6 *by or related to the advanced housing technology utilized*
7 *in their design or construction or experimental property*
8 *standards.*

9 “(d) *The Commissioner may make such investigations*
10 *and analyses of data, and publish and distribute such reports,*
11 *as he determines to be necessary or desirable to assure the*
12 *most beneficial use of the data and information to be acquired*
13 *as a result of this section.*

14 “(e) *Any mortgagee under a mortgage insured under*
15 *subsection (b)(1) of this section shall be entitled to the*
16 *benefits of the insurance as provided in section 204(a) with re-*
17 *spect to mortgages insured under section 203, and the pro-*
18 *visions of subsections (b), (c), (d), (e), (f), (g), (h), (j),*
19 *and (k) of section 204 shall apply to the mortgages insured*
20 *under subsection (b)(1), except that as applied to those*
21 *mortgages (1) all references therein to the Mutual Mortgage*
22 *Insurance Fund or the Fund shall be construed to refer to*
23 *the Experimental Housing Insurance Fund, and (2) all*
24 *references therein to section 203 shall be construed to refer*
25 *to this section.*

1 “(f) Any mortgagee under a mortgage insured under
2 subsection (b)(2) of this section shall be entitled to the
3 benefits of the insurance as provided in section 207(g) with
4 respect to mortgages insured under section 207, and the pro-
5 visions of subsections (d), (e), (h), (i), (j), (k), (l), (m),
6 (n) and (p) of section 207 shall apply to the mortgages
7 insured under subsection (b)(2) of this section, except that
8 as applied to those mortgages (1) all references therein
9 to the Housing Insurance Fund, the Housing Fund, or the
10 Fund shall be construed to refer to the Experimental Housing
11 Insurance Fund, and (2) all references therein to ‘this
12 section’ shall be construed to refer to this section 233.

13 “(g) Notwithstanding the provisions of subsections (e)
14 and (f) of this section, in the case of default of any mort-
15 gage insured under this section, the Commissioner in his dis-
16 cretion, in accordance with such regulations as he may pre-
17 scribe, may make payments pursuant to such subsections in
18 cash or in debentures (as provided in the mortgage insurance
19 contract), or may acquire a mortgage loan that is in default
20 and the security therefor upon payment to the mortgagee
21 in cash or in debentures (as provided in the mortgage insur-
22 ance contract) of a total amount equal to the unpaid prin-
23 cipal balance of the loan plus any accrued interest and any
24 advances approved by the Commissioner made previously
25 by the mortgagee under the provisions of the mortgage.

1 *After the acquisition of the mortgage by the Commissioner*
2 *the mortgagee shall have no further rights, liabilities, or*
3 *obligations with respect to the mortgage. The appropriate*
4 *provisions of sections 204 and 207 relating to the issuance*
5 *of debentures shall apply with respect to debentures issued*
6 *under this subsection, and the appropriate provisions of sec-*
7 *tions 204 and 207 relating to the rights, liabilities, and*
8 *obligations of a mortgagee shall apply with respect to the*
9 *Commissioner when he has acquired an insured mortgage*
10 *under this subsection, in accordance with and subject to*
11 *regulations (modifying such provisions to the extent neces-*
12 *sary to render their application for such purposes appro-*
13 *priate and effective) which shall be prescribed by the Com-*
14 *missioner, except that as applied to mortgages insured under*
15 *this section (1) all references in section 204 to the Mutual*
16 *Mortgage Insurance Fund or the Fund shall be construed to*
17 *refer to the Experimental Housing Insurance Fund, (2) all*
18 *references in section 204 to section 203 shall be construed*
19 *to refer to this section, and (3) all references in section*
20 *207 to the Housing Insurance Fund, the Housing Fund, or*
21 *the Fund shall be construed to refer to the Experimental*
22 *Housing Insurance Fund.*

23 “(h) *There is hereby created an Experimental Housing*
24 *Insurance Fund to be used by the Commissioner as a re-*
25 *volving fund to carry out the provisions of this section, and*

1 *the Commissioner is directed to transfer the sum of*
 2 *\$1,000,000 to the Fund from the War Housing Insurance*
 3 *Fund created by section 602 of this Act. General expenses*
 4 *of operation of the Federal Housing Administration and*
 5 *other expenses incurred under this section may be charged to*
 6 *the Experimental Housing Insurance Fund.”*

7 *INDIVIDUALLY OWNED UNITS IN MULTIFAMILY*

8 *STRUCTURES*

9 *SEC. 104. Title II of the National Housing Act is*
 10 *amended by adding after section 233 (as added by section*
 11 *103 of this Act) the following section:*

12 *“MORTGAGE INSURANCE FOR INDIVIDUALLY OWNED UNITS*
 13 *IN MULTIFAMILY STRUCTURES*

14 *“SEC. 234. (a) The purpose of this section is to provide*
 15 *an additional means of increasing the supply of privately*
 16 *owned dwelling units where, under the laws of the State in*
 17 *which the property is located, real property title and owner-*
 18 *ship are established with respect to a one-family unit which*
 19 *is part of a multifamily structure.*

20 *“(b) The terms ‘mortgage’, ‘mortgagee’, ‘mortgagor’,*
 21 *‘maturity date’, and ‘State’ shall have the meanings respec-*
 22 *tively set forth in section 201, except that the term ‘mort-*
 23 *gage’ for the purposes of this section may include a first*
 24 *mortgage given to secure the unpaid purchase price of a fee*
 25 *interest in, or a long-term leasehold interest in, a one-*

1 family unit in a multifamily structure and an undivided
2 interest in (or share in cooperative ownership of) the com-
3 mon areas and facilities which serve the structure where the
4 mortgage is determined by the Commissioner to be eligible
5 for insurance under this section. The term 'common areas
6 and facilities' as used in this section shall be deemed to in-
7 clude the land and such commercial, community, and other
8 facilities as are approved by the Commissioner.

9 “(c) The Commissioner is authorized, in his discretion
10 and under such terms and conditions as he may prescribe
11 (including the minimum number of family units in the
12 structure which shall be offered for sale and provisions for
13 the protection of the consumer and the public interest), to
14 insure any mortgage covering a one-family unit in a multi-
15 family structure and an undivided interest in (or share in
16 cooperative ownership of) the common areas and facilities
17 which serve the structure, if (1) the mortgage meets the
18 requirements of this section and of section 203(b), except
19 as that section is modified by this section; (2) the
20 structure is or has been covered by a mortgage insured
21 under another section (except section 213) of this Act,
22 notwithstanding any requirements in any such section that
23 the structure be constructed or rehabilitated for the
24 purpose of providing rental housing; and (3) the

1 mortgagor is acquiring a one-family unit for his own
2 use and occupancy and not for speculative purposes.
3 Any project proposed to be constructed or rehabilitated after
4 the date of enactment of the Housing Act of 1961 with the as-
5 sistance of mortgage insurance under this Act, where the
6 sale of family units is to be assisted with mortgage insurance
7 under this section, shall be subject to such requirements as
8 the Commissioner may prescribe. To be eligible for insur-
9 ance pursuant to this section a mortgage shall (A) involve a
10 principal obligation in an amount not to exceed the limits per
11 room and per family dwelling unit provided by section 207
12 (c)(3), and not to exceed the sum of (i) 97 per centum
13 of \$13,500 of the amount which the Commissioner estimates
14 will be the appraised value of the family unit including com-
15 mon areas and facilities as of the date the mortgage is ac-
16 cepted for insurance, (ii) 90 per centum of such value in
17 excess of \$13,500 but not in excess of \$18,000, and
18 (iii) 70 per centum of such value in excess of \$18,000, and
19 (B) have a maturity satisfactory to the Commissioner but
20 not to exceed, in any event, thirty years from the date of the
21 beginning of amortization of the mortgage or three-fourths of
22 the Commissioner's estimate of the remaining economic life
23 of the structure, whichever is the lesser. In determining

1 the amount of a mortgage in the case of a nonoccupant
2 mortgagor the reference to paragraph (2) of section
3 203(b) in section 203(b)(8) shall be construed to refer
4 to the preceding sentence in this section. The mort-
5 gage shall contain such provisions as the Commissioner
6 determines to be necessary for the maintenance of common
7 areas and facilities and the multifamily structure. The mort-
8 gagor shall have exclusive right to the use of the one-family
9 unit covered by the mortgage and, together with the owners
10 of other units in the multifamily structure, shall have the
11 right to the use of the common areas and facilities serving
12 the structure and the obligation of maintaining all such com-
13 mon areas and facilities. The Commissioner may require
14 that the rights and obligations of the mortgagor and the
15 owners of other dwelling units in the structure shall be sub-
16 ject to such controls as he determines to be necessary and fea-
17 sible to promote and protect individual owners, the multi-
18 family structure, and its occupants. For the purposes of this
19 section, the Commissioner is authorized in his discretion and
20 under such terms and conditions as he may prescribe to
21 permit one-family units and interests in common areas and
22 facilities in multifamily structures covered by mortgages in-
23 sured under any section of this Act (other than section 213)
24 to be released from the liens of those mortgages.

25 “(d) Any mortgagee under a mortgage insured under

1 this section is entitled to receive the benefits of the insur-
2 ance as provided in section 204(a) of this Act with re-
3 spect to mortgages insured under section 203, and the
4 provisions of subsections (b), (c), (d), (e), (f), (g),
5 (h), (j), and (k) of section 204 shall be applicable to the
6 mortgages insured under this section, except that (1) all
7 references in section 204 to the Mutual Mortgage Insurance
8 Fund or the Fund shall be construed to refer to the Apart-
9 ment Unit Insurance Fund, (2) all references therein to sec-
10 tion 203 shall be construed to refer to this section, and (3) the
11 excess remaining, referred to in section 204(f)(1), shall be
12 retained by the Commissioner and credited to the Apartment
13 Unit Insurance Fund.

14 “(e) There is hereby created the Apartment Unit In-
15 surance Fund which shall be used by the Commissioner as
16 a revolving fund for carrying out the provisions of this sec-
17 tion. The Commissioner is authorized to transfer to the
18 Fund the sum of \$1,000,000 from the War Housing Insur-
19 ance Fund established pursuant to the provisions of section
20 602 of this Act. General expenses of operation of the Fed-
21 eral Housing Administration under this section may be
22 charged to the Apartment Unit Insurance Fund. The pro-
23 visions of the second and third paragraphs of section 220(g)
24 shall be applicable to the Apartment Unit Insurance Fund
25 and to this section, all references therein to the Section

1 220 Housing Insurance Fund or the Fund shall be construed
 2 to refer to the Apartment Unit Insurance Fund, and all
 3 references therein to 'this section' shall be construed to refer
 4 to this section 234.

5 “(f) The provisions of section 225, 229, and 230 shall
 6 be applicable to the mortgages insured under this section.”

7 TITLE II—HOUSING FOR ELDERLY PERSONS 8 AND LOW INCOME FAMILIES

9 HOUSING FOR THE ELDERLY

10 DIRECT LOANS

11 SEC. 201. (a) Section 202 of the Housing Act of 1959
 12 is amended by—

13 (1) inserting in subsection (a)(1) after the words
 14 “private nonprofit corporations” the following: “or con-
 15 sumer cooperatives”;

16 (2) striking out in subsection (a)(2) the words
 17 “for the provision of rental housing” and inserting in
 18 lieu thereof the following: “or to any consumer coopera-
 19 tive for the provision of rental or cooperative housing”;

20 (3) striking out in subsection (a)(2) “unless the
 21 corporation” and inserting in lieu thereof “unless the
 22 applicant”;

23 (4) striking out in subsection (a)(3) “A loan to a
 24 corporation under this section” and inserting in lieu
 25 thereof “A loan under this section”; and

1 (5) striking out in subsection (c)(3) “corporation
2 undertaking” and inserting in lieu thereof “corporation
3 or consumer cooperative undertaking”.

4 (b) Section 202(a)(3) of such Act is amended by strik-
5 ing out “98 per centum of”.

6 (c) Section 202(a)(4) of such Act is amended by strik-
7 ing out “\$50,000,000” and inserting in lieu thereof “\$150,-
8 000,000”, and by striking out the second sentence.

9 (d) Section 202(d)(4) of such Act is amended by strik-
10 ing out “sixty-two years of age or over” each place it ap-
11 pears and inserting in lieu thereof “sixty years of age or
12 over”.

13 (e) Section 202 of such Act is further amended by add-
14 ing at the end thereof the following new subsection:

15 “(e) Nothing in this section or in regulations promul-
16 gated under this section shall prevent a corporation or
17 consumer cooperative from obtaining a loan under this section
18 for the provision of housing and related facilities for elderly
19 families and elderly persons, notwithstanding the fact that
20 such corporation or cooperative has theretofore obtained a
21 commitment from the Federal Housing Administration for
22 mortgage insurance under section 231 of the National Hous-
23 ing Act with respect to the housing involved, if (1) such
24 corporation or cooperative is otherwise eligible for such loan
25 under this section, (2) such commitment was obtained prior

1 to the date of enactment of the Housing Act of 1961, and (3)
 2 the Administrator determines that the financing of such
 3 housing through a loan under this section rather than through
 4 mortgage insurance under such section 231 is necessary or
 5 desirable in order to avoid hardship for the elderly families
 6 and elderly persons who are the prospective tenants of such
 7 housing.”

8 LOW-RENT PUBLIC HOUSING

9 ELIGIBILITY REQUIREMENT FOR DISABLED PERSONS

10 SEC. 202. Section 2 of the United States Housing Act
 11 of 1937 is amended by striking out the words “has attained
 12 the age of fifty and” in the second and third sentences of
 13 paragraph (2).

14 ADDITIONAL SUBSIDY FOR ELDERLY TENANTS

15 SEC. 203. Section 10(a) of the United States Housing
 16 Act of 1937 is amended by inserting the following proviso
 17 before the period at the end of the third sentence thereof:
 18 “: Provided, That the Authority may, in addition to the pay-
 19 ments guaranteed under the contract, pay not to exceed \$120
 20 per annum per dwelling unit occupied by an elderly family
 21 on the last day of the project fiscal year where such amount,
 22 in the determination of the Authority, was necessary to enable
 23 the public housing agency to lease the dwelling unit to the
 24 elderly family at a rental it could afford and to operate the
 25 project on a solvent basis”.

DWELLING UNIT AUTHORIZATION

1 *SEC. 204. (a) Section 10(e) of the United States Hous-*
2 *ing Act of 1937 is amended by striking out the first three sen-*
3 *tences and inserting in lieu thereof the following: "The Au-*
4 *thority is authorized to enter into contracts for annual contri-*
5 *butions aggregating not more than \$336,000,000 per annum,*
6 *but any such contracts for additional units for any one State*
7 *shall not, after the date of enactment of the Housing Act of*
8 *1961, be entered into for more than 15 per centum of the*
9 *aggregate amount not already guaranteed under contracts*
10 *for annual contributions on such date: Provided, That no such*
11 *new contract for additional units shall be entered into after*
12 *the date of enactment of the Housing Act of 1961 except with*
13 *respect to low-rent housing for a locality respecting which the*
14 *Administrator has made the determination and certification*
15 *relating to a workable program as prescribed in section*
16 *101(c) of the Housing Act of 1949, and the Authority shall*
17 *enter into only such new contracts for preliminary loans as*
18 *are consistent with the number of dwelling units for which*
19 *contracts for annual contributions may be entered into."*
20

21 *(b) Section 10(i) of such Act is repealed; and section*
22 *15(10) of such Act is redesignated as section 10(i) and*
23 *transferred (as so redesignated) to the place heretofore oc-*
24 *cupied by the section so repealed.*

25 *(c) Section 21(d) of such Act is repealed.*

1 EXTENSION OF WAIVER IN CASE OF VETERANS AND
2 SERVICEMEN

3 SEC. 205. *The proviso in section 15(8)(b) of the United*
4 *States Housing Act of 1937 is amended by striking out “Octo-*
5 *ber 1, 1961” and inserting in lieu thereof “October 1, 1965”.*

6 MISCELLANEOUS PUBLIC HOUSING AMENDMENTS

7 SEC. 206. (a) *Section 15 of the United States Housing*
8 *Act of 1937 is amended by—*

9 (1) *inserting in paragraph (5) after the second*
10 *parenthetical clause the following: “on which the com-*
11 *putation of any annual contributions under this Act may*
12 *be based”;*

13 (2) *striking out “\$2,500” in paragraph (5) and*
14 *inserting in lieu thereof “\$3,000”;*

15 (3) *striking out paragraph (6), redesignating*
16 *paragraph (9) as paragraph (6), and transferring*
17 *paragraph (9), as so redesignated, to the place here-*
18 *tofore occupied by the paragraph so stricken out; and*

19 (4) *striking out “or 5 per centum in the case of*
20 *any family entitled to a first preference as provided in*
21 *section 10(g)” in paragraph (7)(b) and inserting in*
22 *lieu thereof “except in the case of a family displaced by*
23 *urban renewal or other governmental action or an elderly*
24 *family”.*

25 (b) *Section 10(h) of such Act is amended by inserting*

1 the following after the word "project" the third time it ap-
 2 pears therein: "(exclusive of any portion thereof which is
 3 not assisted by annual contributions under this Act)".

4 (c) Section 10(j) of such Act is repealed.

5 TITLE III—URBAN RENEWAL AND PLANNING
 6 INCREASED FEDERAL AID FOR SMALL COMMUNITIES; POOL-
 7 ING GRANTS-IN-AID BETWEEN PROJECTS

8 SEC. 301. (a) Section 103(a) of the Housing Act of
 9 1949 is amended by inserting "(1)" after "(a)", by strik-
 10 ing out the last two sentences, and by inserting at the end
 11 thereof the following:

12 "(2) The aggregate of such capital grants with respect
 13 to all of the projects of a local public agency (or of two or
 14 more local public agencies in the same municipality) on
 15 which contracts for capital grants have been made under
 16 this title shall not exceed the total of—

17 "(A) two-thirds of the aggregate net project costs
 18 of all such projects to which neither subparagraph (B)
 19 nor subparagraph (C) applies, and

20 "(B) three-fourths of the aggregate net project costs
 21 of any of such projects which are located in a munici-
 22 pality having a population of fifty thousand or less (one
 23 hundred fifty thousand or less in the case of a munici-
 24 pality situated in an area which, at the time the contract
 25 or contracts involved are entered into or at such earlier

time as the Administrator may specify in order to avoid hardship, is designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act) according to the most recent decennial census, and

“(C) three-fourths of the aggregate net project costs of any of such projects (not falling within subparagraph (B)) which the Administrator, upon request, may approve on a three-fourths capital grant basis.

“(3) A capital grant with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project.”

(b) Section 104 of such Act is amended by striking out the second sentence and inserting in lieu thereof the following: “Such local grants-in-aid, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency (or two or more local public agencies in the same municipality) on which contracts for capital grants have theretofore been made, shall be at least equal to the total of one-third of the aggregate net project costs of such projects undertaken on a two-thirds capital grant basis and one-fourth of the aggregate net project costs of such projects undertaken on a three-fourths capital grant basis.”

(c) The third and fourth sentences of section 110(e) of

1 *such Act are each amended by striking out “pursuant to the*
 2 *proviso in the second sentence of section 103(a)” and insert-*
 3 *ing in lieu thereof “pursuant to section 103(a)(2)(C)”.*

4 *CAPITAL GRANT AUTHORIZATION*

5 *SEC. 302. Section 103(b) of the Housing Act of 1949*
 6 *is amended by striking out the first sentence and inserting*
 7 *in lieu thereof the following: “The Administrator may, with*
 8 *the approval of the President, contract to make grants under*
 9 *this title aggregating not to exceed \$4,000,000,000.”*

10 *RELOCATION PAYMENTS*

11 *SEC. 303. Section 106(f)(2) of the Housing Act of*
 12 *1949 is amended—*

13 *(1) by inserting after “\$3,000” the following: “(or,*
 14 *if greater, the total certified actual moving expenses)”;*
 15 *and*

16 *(2) by inserting “and actual direct losses of prop-*
 17 *erty” before the period at the end of the last sentence.*

18 *FINANCIAL ASSISTANCE FOR DISPLACED BUSINESS*

19 *CONCERNS*

20 *SEC. 304. Section 7(b) of the Small Business Act is*
 21 *amended—*

22 *(1) by striking out “and” at the end of paragraph*
 23 *(1);*

24 *(2) by striking out the period at the end of para-*
 25 *graph (2) and inserting in lieu thereof “; and”; and*

(3) by adding after paragraph (2) a new paragraph as follows:

“(3) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to any small-business concern if the Administration determines that such concern has suffered substantial economic injury (for which reimbursement or compensation is not otherwise made, exclusive of relocation payments, if any, under section 106(f) of the Housing Act of 1949) as a result of its displacement by an urban renewal project included in an urban renewal area respecting which a contract for capital grant has been executed under such Act.”

RESALE OF PROPERTY IN URBAN RENEWAL AREAS FOR
HOUSING FOR MODERATE INCOME FAMILIES

SEC. 305. (a) Section 107 of the Housing Act of 1949 is amended by—

(1) changing the title thereof to read “PROPERTY TO BE USED FOR PUBLIC HOUSING OR HOUSING FOR MODERATE INCOME FAMILIES”;

(2) inserting “(a)” before the first sentence and striking out the words “to be” in such sentence;

(3) striking out “is incorporated” and inserting in

(2) striking out the period at the end of paragraph (6) and inserting in lieu thereof “; and”; and

(3) adding after paragraph (6) a new paragraph as follows:

“(7) acquisition and repair or rehabilitation for guidance purposes, and resale by the local public agency, of structures which are located in the urban renewal area and which, under the urban renewal plan, are to be repaired or rehabilitated for dwelling use or related facilities: Provided, That the local public agency shall not acquire for such purposes, in any urban renewal area, structures which contain or will contain more than (A) one hundred dwelling units, or (B) 5 per centum of the total number of dwelling units in such area which, under the urban renewal plan, are to be repaired or rehabilitated, whichever is the lesser.”

(b) The third sentence of section 110(c) of such Act is amended by inserting after “include” the following: “(except as provided in paragraph (7) above)”.

INCREASE IN NONRESIDENTIAL EXCEPTION

SEC. 307. The fifth sentence of section 110(c) of the Housing Act of 1949 is amended by—

(1) striking out “Housing Act of 1959” and inserting in lieu thereof “Housing Act of 1961”; and

1 (2) striking out "20 per centum" and inserting in
2 *lieu thereof "30 per centum".*

3 *ELIGIBILITY OF CERTAIN LOCAL GRANTS-IN-AID*

4 *SEC. 308. Section 110(d) of the Housing Act of 1949*
5 *is amended by adding at the end thereof the following new*
6 *paragraph:*

7 *"Notwithstanding the provisions of section 312 of the*
8 *Housing Act of 1954 or any request previously made by any*
9 *local public agency pursuant to such section, upon request*
10 *of the local public agency the eligibility of the local grants-in-*
11 *aid for any project of such local public agency in connection*
12 *with which the final capital grant payment has not been made*
13 *shall be determined in accordance with the provisions of this*
14 *subsection (and, if applicable, section 112)."*

15 *URBAN RENEWAL AREAS INVOLVING COLLEGES,*

16 *UNIVERSITIES, OR HOSPITALS*

17 *SEC. 309. Section 112 of the Housing Act of 1949 is*
18 *amended to read as follows:*

19 *"URBAN RENEWAL AREAS INVOLVING COLLEGES,*

20 *UNIVERSITIES, OR HOSPITALS*

21 *"SEC. 112. (a) In any case where an educational insti-*
22 *tution or a hospital is located in or near an urban renewal*
23 *project area and the governing body of the locality deter-*
24 *mines that, in addition to the elimination of slums and blight*

1 from such area, the undertaking of an urban renewal project
2 in such area will further promote the public welfare and
3 the proper development of the community (1) by mak-
4 ing land in such area available for disposition, for uses in
5 accordance with the urban renewal plan, to such educa-
6 tional institution or hospital for redevelopment in accordance
7 with the use or uses specified in the urban renewal plan,
8 (2) by providing, through the redevelopment of the area in
9 accordance with the urban renewal plan, a cohesive neigh-
10 borhood environment compatible with the functions and
11 needs of such educational institution or hospital, or (3) by
12 any combination of the foregoing, the Administrator is au-
13 thorized to extend financial assistance under this title for
14 an urban renewal project in such area without regard to
15 the requirements in section 110 hereof with respect to the
16 predominantly residential character or predominantly resi-
17 dential reuse of urban renewal areas. The aggregate ex-
18 penditures made by any such institution or hospital (di-
19 rectly or through a private redevelopment corporation or
20 municipal or other public corporation) for the acquisition
21 within, adjacent to, or in the immediate vicinity of the
22 project area, of land, buildings, and structures to be rede-
23 veloped or rehabilitated by such institution for educational
24 uses or by such hospital for hospital uses, in accordance with
25 the urban renewal plan (or with a development plan pro-

1 posed by such institution, hospital, or corporation, found ac-
2 ceptable by the Administrator after considering the standards
3 specified in section 110(b), and approved under State or
4 local law after public hearing) and for the demolition of
5 such buildings and structures if, pursuant to such urban re-
6 newal or development plan, the land is to be cleared and
7 redeveloped, and for the relocation of occupants from build-
8 ings and structures to be demolished or rehabilitated, as
9 certified by such institution or hospital to the local public
10 agency and approved by the Administrator, shall be a local
11 grant-in-aid in connection with such urban renewal project:
12 Provided, That no such expenditure shall be eligible as a
13 local grant-in-aid in any case where the property involved
14 is acquired by such educational institution or hospital from
15 a local public agency which, in connection with its acquisi-
16 tion or disposition of such property, has received, or con-
17 tracted to receive, a capital grant pursuant to this title.

18 “(b) No expenditure made by any educational institu-
19 tion or hospital, as provided in subsection (a), shall be
20 deemed ineligible as a local grant-in-aid in connection with
21 any urban renewal project if made not more than seven years
22 prior to the authorization by the Administrator of a contract
23 for a loan or capital grant for such project.

24 “(c) The aggregate expenditures made by any public

1 authority, established by any State, for acquisition, demoli-
 2 tion, and relocation in connection with land, buildings, and
 3 structures acquired by such public authority and leased to an
 4 educational institution for educational uses or to a hospital
 5 for hospital uses shall be deemed a local grant-in-aid to the
 6 same extent as if such expenditures had been made directly
 7 by such educational institution or hospital.

8 “(d) As used in this section—

9 “(1) the term ‘educational institution’ means any
 10 educational institution of higher learning, including any
 11 public educational institution or any private educational
 12 institution, no part of the net earnings of which inures to
 13 the benefit of any private shareholder or individual; and

14 “(2) the term ‘hospital’ means any hospital licensed
 15 by the State in which such hospital is located, including
 16 any public hospital or any nonprofit hospital, no part of
 17 the net earnings of which inures to the benefit of any
 18 private shareholder or individual.”

19 URBAN PLANNING ASSISTANCE

20 SEC. 310. Section 701 of the Housing Act of 1954 is
 21 amended by—

22 (1) striking out “50 per centum” in the first
 23 sentence of subsection (b) and inserting in lieu thereof
 24 “two-thirds”;

1 (2) striking out “\$20,000,000” in the last sentence
 2 of subsection (b) and inserting in lieu thereof
 3 “\$50,000,000”;

4 (3) inserting after “public facilities” in clause (1)
 5 of subsection (d) “, including transportation facilities”;
 6 and

7 (4) adding at the end thereof the following new
 8 subsection:

9 “(f) The consent of the Congress is hereby given to any
 10 two or more States to enter into agreements or compacts, not
 11 in conflict with any law of the United States, for coopera-
 12 tive efforts and mutual assistance in the comprehensive plan-
 13 ning for the physical growth and development of interstate
 14 metropolitan or other urban areas, and to establish such
 15 agencies, joint or otherwise, as they may deem desirable for
 16 making effective such agreements and compacts.”

17 HISTORICAL SITE IN URBAN RENEWAL AREA

18 SEC. 311. (a) Notwithstanding section 110(c)(4) of
 19 the Housing Act of 1949, as amended, or any other provi-
 20 sion of law, the urban renewal project in Knoxville, Ten-
 21 nessee, known as the Riverfront-Willow Street redevelop-
 22 ment project, may include the donation by the Knoxville
 23 Housing Authority to the James White’s Fort Association,
 24 by a suitable instrument of conveyance, of all right, title, and

1 interest of the authority in and to the following described
2 tract of land, constituting a portion of tract T-2 of the said
3 project and containing 0.985 acres more or less:

4 Beginning at an iron pin located at the intersection of the
5 east property line of Collins Alley and the south property
6 line of Rouser Alley; thence in a northerly direction, north
7 32 degrees 35 minutes west, 111.0 feet to an iron pin located
8 in the east property line of Collins Alley; thence in a west-
9 erly direction, south 55 degrees 20 minutes west, 207.0 feet
10 to an iron pin; thence in a southwesterly direction, south 35
11 degrees 05 minutes west, 80 feet to an iron pin; thence in a
12 southerly direction south 27 degrees 25 minutes east, 193.40
13 feet to an iron pin located in the north property line of Hill
14 Avenue; thence in an easterly direction, north 67 degrees
15 43 minutes east, 33.54 feet to an iron pin; thence in an east-
16 erly direction, north 60 degrees 02 minutes east, 31.64 feet
17 to an iron pin; thence in an easterly direction, north 58 de-
18 grees 30 minutes 30 seconds east, 53 feet to an iron pin
19 located in the north property line of Hill Avenue; thence in a
20 northerly direction, north 30 degrees 22 minutes 30 seconds
21 west, 134.03 feet to an iron pin; thence in an easterly direc-
22 tion, north 59 degrees 21 minutes 30 seconds east, 175.61
23 feet to the point of beginning.

24 (b) The conveyance authorized to be included in the
25 Riverfront-Willow Street redevelopment project under sub-

1 section (a) of this section shall be made only if the James
2 White's Fort Association represents, and furnishes such
3 assurances as may be required by the Knoxville Housing
4 Authority, that such association (1) will undertake the re-
5 construction on the site conveyed of General James White's
6 cabin and fort, and (2) will develop, preserve, and operate
7 such property on a nonprofit basis as a historical site or
8 monument.

9 CREDIT FOR COST OF SCHOOL CONSTRUCTION

10 SEC. 312. No public facility, the provision of which
11 is otherwise eligible as a local grant-in-aid for any urban
12 renewal project receiving assistance under title I of the
13 Housing Act of 1949 in the city of Roanoke, Virginia, and
14 the construction of which was commenced prior to January 1,
15 1961, shall be deemed to be ineligible as a local grant-in-
16 aid because of any change in the urban renewal plan for
17 such project which is determined by the Housing and Home
18 Finance Administrator to have resulted from the proposed
19 location within the urban renewal area in which such
20 project was undertaken of a federally aided highway. For
21 the purpose of computing the portion of the cost of any
22 such facility which may be allowed as a local grant-in-aid,
23 the degree of benefit of the facility to such urban renewal
24 area shall be based on the latest estimate of benefit sub-
25 mitted by the local public agency and accepted by the

1 Administrator prior to such change in the urban renewal
2 plan.

3 TECHNICAL AMENDMENTS

4 SEC. 313. (a) Section 101(c) of the Housing Act of
5 1949 is amended by inserting in clause (1) after "workable
6 program" the words "for community improvement".

7 (b) Section 102(a) of such Act is amended by insert-
8 ing in the second proviso after "demolition and removal"
9 the first place it appears the following: ", together with
10 administrative, relocation, and other related costs and pay-
11 ments,".

12 (c) Clause (4) of the second sentence of section 110
13 (c) of such Act is amended by striking out "initial".

14 PARKS AND RECREATIONAL FACILITIES

15 SEC. 314. Section 105(a) of the Housing Act of 1949
16 is amended by striking out "and" preceding clause (iii),
17 and by adding at the end thereof the following: "and (iv)
18 the urban renewal plan gives due consideration to the pro-
19 vision of adequate park and recreational areas and facilities,
20 as may be desirable for neighborhood improvement, with spe-
21 cial consideration for the health, safety, and welfare of
22 children residing in the general vicinity of the site covered
23 by the plan;".

TITLE IV—COLLEGE HOUSING

LOAN AUTHORIZATION

SEC. 401. *Section 401(d) of the Housing Act of 1950 is amended by striking out the first colon and all that follows and inserting in lieu thereof the following: “, which amount shall be increased by \$300,000,000 on July 1 in each of the years 1961 through 1964: Provided, That the amount outstanding for other educational facilities, as defined herein, shall not exceed \$175,000,000, which limit shall be increased by \$30,000,000 on July 1 in each of the years 1961 through 1964: Provided further, That the amount outstanding for hospitals, referred to in clause (2) of section 404(b) of this title, shall not exceed \$100,000,000, which limit shall be increased by \$30,000,000 on July 1 in each of the years 1961 through 1964.”*

APPORTIONMENT BY STATES

SEC. 402. *Section 403 of the Housing Act of 1950 is amended by striking out “10 per centum” and inserting in lieu thereof “12½ per centum”.*

HOUSING PROVIDED BY NONPROFIT CORPORATIONS

SEC. 403. (a) *Clause (3) of section 404(b) of the Housing Act of 1950 is amended—*

(1) *by striking out “established by any institution*

1 included in clause (1) of this subsection for the sole
2 purpose” and inserting in lieu thereof “established for
3 the sole purpose”; and

4 (2) by striking out “such institution” where it first
5 appears and inserting in lieu thereof “one or more in-
6 stitutions included in clause (1) of this subsection”.

7 (b) Clause (3) of section 404(b) of such Act is further
8 amended by striking out “will pass to such institution” and
9 inserting in lieu thereof “will pass to such institution (or to
10 any one or more of such institutions) unless it is shown to
11 the satisfaction of the Administrator that such property or
12 the proceeds from its sale will be used for some other non-
13 profit educational purpose”.

14 (c) Section 404(b) of such Act is further amended by
15 adding at the end thereof the following new sentence: “In
16 the case of any loan made under section 401 to a corporation
17 described in clause (3) of this subsection which was not
18 established by the institution or institutions for whose students
19 or students and faculty it would provide housing, the Ad-
20 ministrator shall require that the note securing such loan be
21 co-signed by such institution (or by any one or more of
22 such institutions).”

1 *TITLE V—COMMUNITY FACILITIES*2 *PUBLIC FACILITY LOANS*

3 *SEC. 501. (a)(1) The first paragraph of section 201*
4 *of the Housing Amendments of 1955 is amended by striking*
5 *out “the States and their political subdivisions” and inserting*
6 *in lieu thereof “municipalities and other political subdivisions*
7 *of States”.*

8 *(2) The third paragraph of section 201 of such Amend-*
9 *ments is amended by striking out “States, municipalities,*
10 *or” and inserting in lieu thereof “municipalities and”.*

11 *(3) The first sentence of section 202(a) of such Amend-*
12 *ments is amended to read as follows: “The Housing and*
13 *Home Finance Administrator, acting through the Commu-*
14 *nity Facilities Administration, is authorized to purchase the*
15 *securities and obligations of, or make loans to, municipali-*
16 *ties and other political subdivisions of States (including*
17 *public agencies and instrumentalities of one or more munici-*
18 *palities or other political subdivisions in the same State), to*
19 *finance specific projects for public works or facilities under*
20 *State, municipal, or other applicable law.”*

1 (b) Section 202(b)(2) of such Amendments is amended
2 by adding at the end thereof the following new sentence:
3 “Subject to such maximum maturity, the Administrator in his
4 discretion may provide for the postponement of the payment
5 of interest on not more than 50 per centum of any financial
6 assistance extended to an applicant under this section for a
7 period up to ten years where (A) such assistance does not ex-
8 ceed 50 per centum of the development cost of the project in-
9 volved, and (B) it is determined by the Administrator that
10 such applicant will experience above-average population
11 growth and the project would contribute to orderly community
12 development, economy, and efficiency; and any amounts so
13 postponed shall be payable with interest in annual install-
14 ments during the remaining maturity of such assistance.”

15 (c)(1) Section 202(b) of such Amendments is further
16 amended by adding at the end thereof the following new para-
17 graph:

18 “(3) Financial assistance extended under this section
19 shall bear interest at a rate determined by the Administrator
20 which shall be not more than the higher of (A) $2\frac{3}{4}$ per centum
21 per annum, or (B) the total of one-quarter of 1 per centum
22 per annum added to the rate of interest paid by the Adminis-
23 trator on funds obtained from the Secretary of the Treasury
24 as provided in section 203(a).”

25 (2) The third sentence of section 203(a) of such Amend-

1 *ments is amended to read as follows: "Such notes or other*
2 *obligations shall bear interest at a rate determined by the*
3 *Secretary of the Treasury which shall be not more than the*
4 *higher of (1) 2½ per centum per annum, or (2) the average*
5 *annual interest rate on all interest-bearing obligations of*
6 *the United States then forming a part of the public debt as*
7 *computed at the end of the fiscal year next preceding the*
8 *issuance by the Administrator and adjusted to the nearest*
9 *one-eighth of 1 per centum."*

10 *(d) Section 202(b) of such Amendments is further*
11 *amended by adding at the end thereof (after the paragraph*
12 *added by subsection (c)(1) of this section) the following*
13 *new paragraph:*

14 *"(4) No financial assistance shall be extended under this*
15 *section to any municipality or other political subdivision hav-*
16 *ing a population of fifty thousand or more (one hundred fifty*
17 *thousand or more in the case of a community situated in an*
18 *area designated as a redevelopment area under the second*
19 *sentence of section 5(a) of the Area Redevelopment Act)*
20 *according to the most recent decennial census, or to any public*
21 *agency or instrumentality of one or more municipalities or*
22 *other political subdivisions having a population (or an*
23 *aggregate population) equal to or exceeding that figure ac-*
24 *cording to such census."*

25 *(e) Section 202(b) of such Amendments is further*

1 amended by adding at the end thereof (after the paragraph
2 added by subsection (d) of this section) the following new
3 paragraph:

4 “(5) Financial assistance extended under this section to
5 any applicant with respect to any one project shall not
6 exceed \$10,000,000 outstanding at any one time.”

7 (f) Section 202 of such Amendments is further amended
8 by adding at the end thereof the following new subsection:

9 “(d) The types of public works and facilities for which
10 financial assistance under this section may be extended on
11 and after the date of enactment of the Housing Act of
12 1961 shall be the same as those for which such assistance
13 could be extended in accordance with regulations of the
14 Administrator immediately prior to such date.”

15 (g) Section 203(a) of such Amendments is amended
16 by striking out “\$150,000,000” and inserting in lieu thereof
17 “\$650,000,000”.

18 (h) Title II of such amendments is further amended by
19 adding at the end thereof the following new section:

20 “SEC. 207. The Administrator is authorized to establish
21 technical advisory services to assist municipalities and other
22 political subdivisions in the budgeting, financing, planning,
23 and construction of community facilities. There are here-
24 by authorized to be appropriated such sums as may be neces-

1 sary, together with any fees that may be charged, to cover
2 the cost of such services.”

3 *ADVANCES FOR PUBLIC WORKS PLANNING*

4 *SEC. 502. Section 702 of the Housing Act of 1954 is*
5 *amended by—*

6 (1) striking out in subsection (a) “10” and in-
7 serting in lieu thereof “12½”;

8 (2) striking out the first sentence of subsection
9 (b) and inserting in lieu thereof the following: “No
10 advance shall be made hereunder with respect to any
11 individual project, including a regional or metropolitan
12 or other area-wide project, unless (1) it is planned to be
13 constructed within or over a reasonable period of time
14 considering the nature of the project, (2) it conforms to
15 an overall State, local, or regional plan approved by a
16 competent State, local, or regional authority, and (3)
17 the public agency formally contracts with the Federal
18 Government to complete the plan preparation promptly
19 and to repay such advance or part thereof when due.”;

20 (3) inserting after “1958;” in subsection (e) the
21 following: “\$10,000,000 which may be made available
22 to such fund on or after July 1, 1961;”; and

23 (4) striking out in subsection (e) “\$48,000,000”
24 and inserting in lieu thereof “\$58,000,000”.

1 TITLE VI—AMENDMENTS TO THE NATIONAL
2 HOUSING ACT

3 FEDERAL NATIONAL MORTGAGE ASSOCIATION

4 SPECIAL ASSISTANCE AUTHORIZATION

5 SEC. 601. (a) Section 305(c) of the National Housing
6 Act is amended to read as follows:

7 “(c) The total amount of purchases and commitments
8 authorized by the President pursuant to subsection (a) of
9 this section shall not exceed \$1,700,000,000 outstanding at
10 any one time.”

11 (b) Section 305(g) of such Act is amended by adding
12 before the period at the end thereof the following: “: Provided
13 further, That the authority of the Association to make pur-
14 chases and commitments under this subsection shall terminate
15 on the date of enactment of the Housing Act of 1961, and any
16 portion of the total amount of such authority as specified in
17 the first proviso in this subsection which on such date would
18 otherwise be available for making such purchases and com-
19 mitments shall be transferred to and merged with the author-
20 ity granted by subsection (a) and added to the amount of
21 such authority as specified in subsection (c)”.

22 (c) Section 306 of such Act is amended by adding at the
23 end thereof the following new subsection:

24 “(f) Notwithstanding any of the provisions of this Act
25 or of any other law, an amount equal to the net decrease

1 *for the preceding fiscal year in the aggregate principal*
 2 *amount of all mortgages owned by the Association under*
 3 *this section shall, as of July 1 of each of the years 1961*
 4 *through 1964, be transferred to and merged with the author-*
 5 *ity provided under section 305(a), and the amount of such*
 6 *authority as specified in section 305(c) shall be increased*
 7 *by any amounts so transferred."*

8 *LIMITATION ON MORTGAGE AMOUNT*

9 *SEC. 602. (a) Section 302(b) of the National Housing*
 10 *Act is amended by striking out "or 803" and inserting in lieu*
 11 *thereof "or title VIII".*

12 *(b) Section 302(b) of such Act is further amended by*
 13 *inserting before "or a mortgage covering property" the fol-*
 14 *lowing: "or insured under section 213 and covering property*
 15 *located in an urban renewal area,".*

16 *FEDERAL NATIONAL MORTGAGE ASSOCIATION LENDING*
 17 *AUTHORITY*

18 *SEC. 603. (a) Section 302(b) of the National Housing*
 19 *Act is amended by striking out "to make commitments" and*
 20 *all that follows down through the first colon and inserting*
 21 *in lieu thereof the following: " , pursuant to commitments or*
 22 *otherwise, to purchase, lend (under section 304) on the se-*
 23 *curity of, service, sell, or otherwise deal in any mortgages*
 24 *which are insured under the National Housing Act, or which*
 25 *are insured or guaranteed under the Servicemen's Readjust-*

1 ment Act of 1944 or chapter 37 of title 38, United States
2 Code:”.

3 (b) The first sentence of section 303(b) of such Act is
4 amended by inserting immediately before the period at the
5 end thereof the following: “; and by requiring each borrower
6 to make such payments, equal to not more than one-half of
7 1 per centum of the amount lent by the Association to such
8 borrower under section 304”.

9 (c) Section 303(c) of such Act is amended by striking
10 out the first sentence and by inserting in lieu thereof the
11 following: “The Association shall issue from time to time,
12 to each mortgage seller or borrower, its common stock (only
13 in denominations of \$100 or multiples thereof) evidencing
14 any capital contributions (adjusted by reason of any pay-
15 ments into surplus required by the Association) made by
16 such seller or borrower pursuant to subsection (b) of this
17 section.”

18 (d) Section 304(a) of such Act is amended by inserting
19 “(1)” before “To carry out”, and by adding at the end
20 thereof the following new paragraph:

21 “(2) In the further interest of assuring sound operation,
22 any loan made by the Association in its secondary market op-
23 erations under this section, and any extension or renewal
24 thereof, shall not exceed 80 per centum of the unpaid princi-
25 pal balances of the mortgages securing the loan, and shall bear

1 interest at a rate consistent with general loan policies estab-
2 lished from time to time by the Association's board of direc-
3 tors. Any such loan shall mature in not more than twelve
4 months and the term of any extension or renewal shall not ex-
5 ceed twelve months. The volume of the Association's lending
6 activities and the establishment of its loan ratios, interest rates,
7 maturities, and charges or fees, in its secondary market oper-
8 ations under this section, should be determined by the Asso-
9 ciation from time to time; and such determinations, in con-
10 junction with determinations made under paragraph (1),
11 should be consistent with the objectives that the lending ac-
12 tivities should be conducted on such terms as will reason-
13 ably prevent excessive use of the Association's facilities, and
14 that the operations of the Association under this section should
15 be within its income derived from such operations and that
16 such operations should be fully self-supporting. Notwith-
17 standing any Federal, State, or other law to the contrary,
18 the Association is hereby empowered, in connection with any
19 loan under this section, whether before or after any default,
20 to provide by contract with the borrower for the settlement
21 or extinguishment, upon default, of any redemption, equita-
22 ble, legal, or other right, title, or interest of the borrower in
23 any mortgage or mortgages that constitute the security for
24 the loan; and with respect to any such loan, in the event of

1 default and pursuant otherwise to the terms of the contract,
2 the mortgages that constitute such security shall become the
3 absolute property of the Association."

4 (e) Section 304(b), section 309(c) and section 310
5 of such Act are each amended by inserting "or other secu-
6 rity holdings" after "mortgages".

7 *FHA INSURANCE PROGRAMS*

8 *LIMITATIONS ON INSURANCE AUTHORIZATIONS*

9 SEC. 604. (a) Section 2(a) of the National Housing
10 Act is amended by striking out in the first sentence "1961"
11 and inserting in lieu thereof "1965".

12 (b) Section 203(a) of such Act is amended by strik-
13 ing out the colon and all that follows the colon and inserting
14 in lieu thereof a period.

15 (c) Section 217 of such Act is amended—

16 (1) by striking out "all mortgages which may be
17 insured" and inserting in lieu thereof "all mortgages and
18 loans which may be insured";

19 (2) by striking out "shall not exceed" and the
20 remainder of the first paragraph and inserting in lieu
21 thereof the following: "after October 1, 1965, shall
22 not exceed the sum of (1) the outstanding principal
23 balances as of that date of all insured mortgages and
24 loans (as estimated by the Commissioner based on sched-
25 uled amortization payments without taking into consid-

1 *eration prepayments or delinquencies), and (2) the prin-*
 2 *icipal amount of all outstanding commitments to insure*
 3 *on that date.”;*

4 *(3) by inserting “after October 1, 1965” before*
 5 *the period at the end of the first sentence in the third*
 6 *paragraph; and*

7 *(4) by striking out “hereafter” in the second sen-*
 8 *tence of the third paragraph and inserting in lieu*
 9 *thereof “after that date”.*

10 *(d) Section 803(a) of the National Housing Act, as*
 11 *amended, is amended by striking out the last proviso and in-*
 12 *serting in lieu thereof the following: “And provided further,*
 13 *That no more mortgages shall be insured under this title after*
 14 *October 1, 1962, except pursuant to a commitment to insure*
 15 *before such date, and not more than twenty-eight thousand*
 16 *family units shall be contracted for after June 30, 1959, pur-*
 17 *suant to any mortgage insured under section 803 of this title*
 18 *after such date.”*

19 **SECTION 203 RESIDENTIAL HOUSING INSURANCE**

20 **SEC. 605.** *(a) Section 203(b)(2) of such Act is*
 21 *amended—*

22 *(1) by striking out “\$13,500” each place it ap-*
 23 *pears and inserting in lieu thereof “\$15,000”;*

24 *(2) by striking out “\$18,000” each place it ap-*
 25 *pears and inserting in lieu thereof “\$20,000”; and*

(3) by striking out “70 per centum” and inserting in lieu thereof “75 per centum”.

(b) Section 203(b)(2) of such Act is amended by striking out all that precedes “or \$35,000” and inserting in lieu thereof the following:

“(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$27,500 in the case of property upon which there is located a dwelling designed principally for a one-, two-, or three-family residence (whether or not such residence may be intended to be rented temporarily for school purposes);”.

(c) Section 203(b)(3) of such Act is amended by striking out “thirty years” and inserting in lieu thereof “forty years”.

AUTHORITY TO REDUCE PREMIUM CHARGES

SEC. 606. The first sentence of section 203(c) of the National Housing Act is amended to read as follows: “The Commissioner is authorized to fix premium charges for the insurance of mortgages under the separate sections of this title but in the case of any mortgage such charge shall be not less than an amount equivalent to one-fourth of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal

1 obligation of the mortgage outstanding at any time, without
 2 taking into account delinquent payments or prepayments:
 3 Provided, That any reduced premium charge so fixed and
 4 computed may, in the discretion of the Commissioner, also
 5 be made applicable in such manner as the Commissioner
 6 shall prescribe to each insured mortgage outstanding under
 7 the section or sections involved at the time the reduced pre-
 8 mium charge is fixed."

9 SECTION 207 RENTAL HOUSING INSURANCE

10 SEC. 607. Section 207 of the National Housing Act is
 11 amended by—

12 (1) striking out the first paragraph of subsection

13 (b)(2) and inserting in lieu thereof the following:

14 “(2) any other mortgagor approved by the Commis-
 15 sioner which, until the termination of all obligations of the
 16 Commissioner under the insurance and during such further
 17 period of time as the Commissioner shall be the owner, holder,
 18 or reinsurer of the mortgage, is regulated or restricted by the
 19 Commissioner as to rents or sales, charges, capital structure,
 20 rate of return, and methods of operation to such extent and
 21 and in such manner as to provide reasonable rentals to
 22 tenants and a reasonable return on the investment. The Com-
 23 missioner may make such contracts with and acquire, for not
 24 to exceed \$100, such stock or interest in the mortgagor as he

1 may deem necessary to render effective the regulations or re-
 2 strictions. The stock or interest acquired by the Commis-
 3 sioner shall be paid for out of the Housing Fund, and shall
 4 be redeemed by the mortgagor at par upon the termination
 5 of all obligations of the Commissioner under the insurance.”;

6 (2) inserting in subsection (c)(3) after the words
 7 “attributable to dwelling use” the following: “(excluding
 8 exterior land improvements as defined by the Commis-
 9 sioner)”;

10 (3) striking out “\$1,500 per space” in subsection
 11 (c)(3) and inserting in lieu thereof “\$1,800 per space”;
 12 and

13 (4) inserting in the first sentence of subsection (i)
 14 after the words “of this section” the following: “, ex-
 15 cept that debentures issued pursuant to the provisions of
 16 section 220(f), 221(g), and section 233 may be dated
 17 as of the date the mortgage is assigned (or the property
 18 is conveyed) to the Commissioner”.

19 SECTION 213 COOPERATIVE HOUSING INSURANCE

20 SEC. 608. (a) Section 213 of the National Housing Act
 21 is amended by—

22 (1) inserting in paragraph (2) of subsection (b)
 23 after the words “as may be attributable to dwelling use”

1 the following: “(excluding exterior land improvements
2 as defined by the Commissioner)”;

3 (2) striking out “eight or more family units” in
4 subsection (d) and inserting in lieu thereof “five or
5 more family units”; and

6 (3) striking out in subsection (h) “such mortgagor
7 shall not thereafter be eligible by reason of such para-
8 graph (3) for insurance of any additional mortgage
9 loans pursuant to this section” and inserting in lieu
10 thereof the following: “the Commissioner is authorized
11 to refuse, for such period of time as he shall deem appro-
12 priate under the circumstances, to insure under this sec-
13 tion any additional investor-sponsor type mortgage loans
14 made to such mortgagor or to any other investor-
15 sponsor mortgagor where, in the determination of the
16 Commissioner, any of its stockholders were identified
17 with such mortgagor”.

18 (b) Section 213(b)(2) of such Act is amended by adding
19 at the end thereof the following new sentence: “In determin-
20 ing the economic feasibility of a project in the case of a
21 mortgagor of the character described in paragraph (3) of
22 subsection (a), the sole test of such feasibility shall be the
23 availability of people in the community who need the housing

1 to be provided by the project and who can afford such housing
 2 at the monthly charges applicable under its continued use as a
 3 cooperative.”

4 (c) Section 213 of such Act is further amended by
 5 adding at the end thereof the following new subsection:

6 “(j)(1) With respect to any property covered by a
 7 mortgage insured under this section (or any cooperative
 8 housing project covered by a mortgage insured under section
 9 207 as in effect prior to the enactment of the Housing Act
 10 of 1950), the Commissioner is authorized, upon such terms
 11 and conditions as he may prescribe, to make commitments
 12 to insure and to insure supplementary cooperative loans
 13 (including advances during construction or improvement)
 14 made by financial institutions approved by the Commissioner.
 15 As used in this subsection, ‘supplementary cooperative loan’
 16 means a loan, advance of credit, or purchase of an obligation
 17 representing a loan or advance of credit made for the purpose
 18 of financing any of the following:

19 “(A) Improvements or repairs of the property cov-
 20 ered by such mortgage; or

21 “(B) Community facilities necessary to serve the
 22 occupants of the property.

23 “(2) To be eligible for insurance under this subsection,
 24 a supplementary cooperative loan shall—

25 “(A) be limited to an amount which, when added

1 to the outstanding mortgage indebtedness on the property,
2 creates a total outstanding indebtedness which does not
3 exceed the original principal obligation of the mortgage;

4 “(B) have a maturity satisfactory to the Commis-
5 sioner but not to exceed the remaining term of the mort-
6 gage;

7 “(C) be secured in such manner as the Commis-
8 sioner may require;

9 “(D) contain such other terms, conditions, and re-
10 strictions as the Commissioner may prescribe; and

11 “(E) represent the obligation of a borrower of the
12 character described in paragraph (1) of subsection (a).”

13 (d) Section 305(e) of such Act is amended
14 by adding at the end thereof the following new sen-
15 tences: “Whenever the Federal Housing Commissioner
16 shall have issued pursuant to section 213 a statement of
17 feasibility on a project including an estimate as to the maxi-
18 mum amount of the mortgage involved, and an application
19 for mortgage insurance under such section is thereafter
20 filed with the Commissioner with respect to such project, the
21 Association is authorized to enter into a commitment con-
22 tract to reserve funds for the purchase of such mortgage;
23 and such reservation shall be for such period as may be
24 certified by the Commissioner as being necessary, taking
25 into account the estimated time required to issue a commit-

1 ment for mortgage insurance. The Association, at the time
 2 the Commissioner issues a commitment to insure such mort-
 3 gage, may impose a charge equal to one-half of the fee which
 4 would be payable to it under the last sentence of subsection
 5 (b) of this section at the time of the issuance of its advance
 6 commitment to purchase the mortgage, with the amount of
 7 such charge being credited toward such fee if and when the
 8 advance commitment is later issued by the Association."

9 *SECTION 220 SALES HOUSING MORTGAGE INSURANCE*

10 *SEC. 609. (a) Section 220(d)(3)(A)(i) of the Na-*
 11 *tional Housing Act is amended—*

12 *(1) by striking out "\$13,500" each place it ap-*
 13 *pears and inserting in lieu thereof "\$15,000";*

14 *(2) by striking out "\$18,000" each place it appears*
 15 *and inserting in lieu thereof "\$20,000"; and*

16 *(3) by striking out "70 per centum" and inserting*
 17 *in lieu thereof "75 per centum".*

18 *(b) Section 220(d)(3)(A) of such Act is further*
 19 *amended by striking out all that precedes "or \$35,000" and*
 20 *inserting in lieu thereof the following:*

21 *"(A)(i) involve a principal obligation (including*
 22 *such initial service charges, appraisal, inspection, and*
 23 *other fees as the Commissioner shall approve) in an*
 24 *amount not to exceed \$27,500 in the case of property*

1 upon which there is located a dwelling designed princi-
2 pally for a one-, two-, or three-family residence;”.

3 NURSING HOMES

4 SEC. 610. Section 232(d)(2) of the National Housing
5 Act is amended by striking out the words following the comma
6 and inserting in lieu thereof the following: “and not to
7 exceed 90 per centum of the estimated value of the property
8 or project when the proposed improvements are completed.”

9 HOUSING FOR DEFENSE-IMPACTED AREAS

10 SEC. 611. (a) (1) Section 810(b) of the National Hous-
11 ing Act is amended (A) by striking out “the Secretary of
12 Defense or his designee shall have certified to the Commis-
13 sioner that”, and (B) by striking out the last sentence.

14 (2) Section 810(d) of such Act is amended (A) by
15 striking out “until advised by the Secretary of Defense or his
16 designee” and inserting in lieu thereof “until he finds”, and
17 (B) by striking out “, as evidenced by certification” and all
18 that follows and inserting in lieu thereof a period.

19 (3) Section 810(l) of such Act is repealed.

20 (b)(1) Section 305 of such Act is amended by adding
21 at the end thereof (after the new subsection added by section
22 102(c) of this Act) the following new subsection:

23 “(j) Notwithstanding any other provision of this Act,
24 the Association is authorized to make commitments to pur-

1 chase, and to purchase, service, or sell, any mortgage or par-
 2 ticipation therein which is insured under section 810; but the
 3 total amount of purchases and commitments authorized by this
 4 subsection shall not exceed \$25,000,000 outstanding at any one
 5 time.”

6 (2) Section 305(f) of such Act is amended by striking
 7 out “title VIII of this Act” and inserting in lieu thereof
 8 “section 803 or 809 of this Act”.

9 (c) Section 406(a) of the Act of August 30, 1957 (71
 10 Stat. 556), is amended by striking out “, and no certificates
 11 with respect to any family housing units shall be issued by the
 12 Secretary of Defense or his designee under section 810 of the
 13 National Housing Act, as amended,”.

14 MISCELLANEOUS FHA AMENDMENTS

15 SEC. 612. (a) Section 203 of the National Housing Act
 16 is amended by—

17 (1) striking out in subsection (b)(3) the words
 18 “insurance of the mortgage” and inserting in lieu there-
 19 of “beginning of amortization of the mortgage”, and

20 (2) striking out in the first proviso of the second
 21 sentence of subsection (c) the words “particular insur-
 22 ance fund” and inserting in lieu thereof “particular in-
 23 surance fund or account”.

24 (b) The second sentence of section 204(d) of such Act
 25 is amended by inserting after “mortgagee after default,” the

1 following: "except that debentures issued pursuant to the pro-
2 visions of section 220(f), section 221(g), and section 233
3 may be dated as of the date the mortgage is assigned (or
4 the property is conveyed) to the Commissioner,".

5 (c) The last sentence of section 204(g) of such Act is
6 amended to read as follows: "The power to convey and to
7 execute in the name of the Commissioner deeds of convey-
8 ance, deeds of release, assignments and satisfactions of mort-
9 gages, and any other written instrument relating to real or
10 personal property or any interest therein heretofore or here-
11 after acquired by the Commissioner pursuant to the provi-
12 sions of this Act, may be exercised by the Commissioner or
13 by any Assistant Commissioner appointed by him, without
14 the execution of any express delegation of power or power of
15 attorney: Provided, That nothing in this subsection shall be
16 construed to prevent the Commissioner from delegating such
17 power by order or by power of attorney, in his discretion, to
18 any officer, agent, or employee he may appoint: And pro-
19 vided further, That a conveyance or transfer of title to real
20 or personal property or an interest therein to the Federal
21 Housing Commissioner, his successors and assigns, without
22 identifying the Commissioner therein, shall be deemed a
23 proper conveyance or transfer to the same extent and of like
24 effect as if the Commissioner were personally named in such
25 conveyance or transfer."

1 (d) Section 209 of such Act is amended by striking out
2 in the second sentence “shall be charged as a general ex-
3 pense of the Fund, the Housing Fund, and the Defense
4 Housing Insurance Fund in such proportion as the Com-
5 missioner shall determine” and inserting in lieu thereof
6 “shall be charged as a general expense of such insurance
7 fund or funds, or account or accounts, as the Commissioner
8 shall determine”.

9 (e) Section 212 of such Act is amended by—

10 (1) striking out in the second sentence of subsec-
11 tion (a) “any mortgage under section 220” and insert-
12 ing in lieu thereof “any loan or mortgage under section
13 220 or section 233”; and

14 (2) striking out in the third sentence of subsection
15 (a) “in subsection (d)(4)” and inserting in lieu there-
16 of “in subsection (d)(3) in the case of a cooperative or
17 a limited profit mortgagor, or in subsection (d)(4)”.

18 (f) Section 219 of such Act is amended to read as
19 follows:

20 “SEC. 219. Notwithstanding any limitations contained in
21 other sections of this Act as to the use of moneys credited to
22 the Title I Insurance Account, the Title I Housing Insurance
23 Fund, the Section 203 Home Improvement Account, the
24 Housing Insurance Fund, the War Housing Insurance Fund,
25 the Housing Investment Insurance Fund, the Armed Serv-

1 ices Housing Mortgage Insurance Fund, the National De-
 2 fense Housing Insurance Fund, the Section 220 Housing
 3 Insurance Fund, the Section 220 Home Improvement Ac-
 4 count, the Section 221 Housing Insurance Fund, the Ex-
 5 perimental Housing Insurance Fund, the Apartment Unit
 6 Insurance Fund, or the Servicemen's Mortgage Insurance
 7 Fund, the Commissioner is hereby authorized to transfer
 8 funds from any one or more of such insurance funds or ac-
 9 counts to any other such fund or account in such amounts
 10 and at such times as the Commissioner may determine, tak-
 11 ing into consideration the requirements of such funds or ac-
 12 counts, separately and jointly to carry out effectively the
 13 insurance programs for which such funds or accounts were
 14 established."

15 (g) Section 220(f) of such Act is amended by—

16 (1) striking out "or" at the end of paragraph (1),

17 (2) striking out the period at the end of paragraph

18 (2) and inserting in lieu thereof "; or", and

19 (3) adding at the end thereof the following:

20 “(3) as to mortgages meeting the requirements of this
 21 section that are insured or initially endorsed for insur-
 22 ance on or after the date of enactment of the Housing Act
 23 of 1961, notwithstanding the provisions of paragraphs
 24 (1) and (2) of this subsection, the Commissioner in his
 25 discretion, in accordance with such regulations as he may

1 *prescribe, may make payments pursuant to such para-*
2 *graphs in cash or in debentures (as provided in the mort-*
3 *gage insurance contract), or may acquire a mortgage*
4 *loan that is in default and the security therefor upon pay-*
5 *ment to the mortgagee in cash or in debentures (as pro-*
6 *vided in the mortgage insurance contract) of a total*
7 *amount equal to the unpaid principal balance of the loan*
8 *plus any accrued interest and any advances approved by*
9 *the Commissioner and made previously by the mortgagee*
10 *under the provisions of the mortgage. After the acquisi-*
11 *tion of the mortgage by the Commissioner the mortgagee*
12 *shall have no further rights, liabilities, or obligations with*
13 *respect to the loan or the security for the loan. The ap-*
14 *propriate provisions of sections 204 and 207 relating to*
15 *the rights, liabilities, and obligations of a mortgagee shall*
16 *apply with respect to the Commissioner when he has ac-*
17 *quired an insured mortgage under this paragraph, in*
18 *accordance with and subject to regulations (modifying*
19 *such provisions to the extent necessary to render their*
20 *application for such purposes appropriate and effective)*
21 *which shall be prescribed by the Commissioner, except*
22 *that as applied to mortgages so acquired (A) all refer-*
23 *ences in section 204 to the Mutual Mortgage Insurance*
24 *Fund or the Fund shall be construed to refer to the*
25 *Section 220 Housing Insurance Fund, (B) all refer-*

1 *ences in section 204 to section 203 shall be construed to*
 2 *refer to this section, and (C) all references in section 207*
 3 *to the Housing Insurance Fund, the Housing Fund, or*
 4 *the Fund shall be construed to refer to the Section 220*
 5 *Housing Insurance Fund."*

6 *(h)(1) Section 223(a) of such Act is amended by strik-*
 7 *ing out "213, or 222" each place it appears and inserting in*
 8 *lieu thereof "213, 220, 221, 222, 231, 232, or 233".*

9 *(2) Section 223(a)(7) of such Act is amended—*

10 *(A) by striking out "section 903 or section 908 of*
 11 *title IX" and inserting in lieu thereof "section 220, 221,*
 12 *903, or 908"; and*

13 *(B) by striking out "insured under section 608 or*
 14 *908".*

15 *(3) Section 223 of such Act is further amended by add-*
 16 *ing at the end thereof the following new subsection:*

17 *"(d) With respect to any mortgage, other than a mort-*
 18 *gage covering a one- to four-family structure, heretofore or*
 19 *hereafter insured by the Commissioner, and notwithstanding*
 20 *any other provision of this Act, when the taxes, interest on*
 21 *the mortgage debt, mortgage insurance premiums, hazard in-*
 22 *surance premiums, and the expense of maintenance and*
 23 *operation of the project covered by such mortgage during*
 24 *the first two years following the date of completion of the*

1 project, as determined by the Commissioner, exceed the
2 project income, the Commissioner may, in his discretion and
3 upon such terms and conditions as he may prescribe, permit
4 the excess of the foregoing expenses over the project income
5 to be added to the amount of such mortgage, and extend the
6 coverage of the mortgage insurance thereto, and such addi-
7 tional amount shall be deemed to be part of the original face
8 amount of the mortgage.”

9 (i) The first sentence of section 224 of such Act is
10 amended to read as follows: “Notwithstanding any other
11 provisions of this Act, debentures issued under any section
12 of this Act with respect to a loan or mortgage accepted for
13 insurance on or after thirty days following the effective date
14 of the Housing Act of 1954 (except debentures issued pur-
15 suant to paragraph (4) of section 221(g)) shall bear in-
16 terest at the rate in effect on the date the commitment to in-
17 sure the loan or mortgage was issued, or the date the loan
18 or mortgage was endorsed for insurance, or (when there are
19 two or more insurance endorsements) the date the loan or
20 mortgage was initially endorsed for insurance, whichever
21 rate is the highest, except that debentures issued pursuant
22 to section 220(f), section 220(h)(7), section 221(g), or
23 section 233 may, at the discretion of the Commissioner, bear
24 interest at the rate in effect on the date they are issued.”

25 (j) Section 226 of such Act is amended by—

1 (1) striking out in the first sentence “222, or” and
2 inserting in lieu thereof “222, 233, 234, or”; and

3 (2) striking out in the third sentence the words “that
4 a written statement setting forth such estimate” and in-
5 serting in lieu thereof the following: “or on the basis of
6 any other estimates of the Commissioner, that a written
7 statement setting forth such estimate or estimates, as the
8 case may be,”.

9 (k) Section 227 of such Act is amended by—

10 (1) striking out in subsection (a) “or (vi) under
11 section 810 if the mortgage meets the requirements of
12 subsection (f)” and inserting in lieu thereof “(vi) un-
13 der section 233 if the mortgage meets the requirements
14 of subsection (b)(2), or (vii) under section 810 if the
15 mortgage meets the requirements of subsection (f)”;

16 (2) striking out in subsection (b) the word “value”
17 and inserting in lieu thereof “value, cost,”; and

18 (3) striking out in the second and third sentences
19 of subsection (c) “section 221 if the mortgage meets
20 the requirements of paragraph (4) of subsection (d)
21 thereof, or section 231,” and inserting in lieu thereof
22 “section 221(d)(3), section 221(d)(4), section 231.
23 or section 233(b)(2),”.

24 (l) Section 229 of such Act is amended to read as
25 follows:

1 “VOLUNTARY TERMINATION OF INSURANCE

2 “SEC. 229. Notwithstanding any other provision of this
3 Act and with respect to any loan or mortgage heretofore or
4 hereafter insured under this Act, except under section 2, the
5 Commissioner is authorized to terminate any insurance con-
6 tract upon request by the borrower or mortgagor and the
7 financial institution or mortgagee and upon payment of such
8 termination charge as the Commissioner determines to be
9 equitable, taking into consideration the necessity of protect-
10 ing the various insurance Funds and Accounts. Upon such
11 termination, borrowers and mortgagors and financial insti-
12 tutions and mortgagees shall be entitled to the rights, if any,
13 to which they would be entitled under this Act if the insur-
14 ance contract were terminated by payment in full of the
15 insured loan or mortgage.”

16 (m) Section 231(c)(2) of such Act is amended to read
17 as follows:

18 “(2) not exceed, for such part of such property or
19 project as may be attributable to dwelling use (excluding
20 exterior land improvements as defined by the Commis-
21 sioner), \$2,250 per room (or \$9,000 per family unit if
22 the number of rooms in such property or project is less
23 than four per family unit): Provided, That as to proj-
24 ects to consist of elevator type structures, the Commis-
25 sioner may, in his discretion, increase the dollar amount

1 *limitation of \$2,250 per room to not to exceed \$2,750*
 2 *per room and the dollar amount limitation of \$9,000*
 3 *per family unit to not to exceed \$9,400 per family unit,*
 4 *as the case may be, to compensate for the higher costs*
 5 *incident to the construction of elevator-type structures of*
 6 *sound standards of construction and design; except that*
 7 *the Commissioner may, by regulation, increase any of the*
 8 *foregoing dollar amount limitations contained in this*
 9 *paragraph by not to exceed \$1,250 per room, without*
 10 *regard to the number of rooms being less than four, or*
 11 *four or more, in any geographical area where he finds*
 12 *that cost levels so require;”.*

13 *TITLE VII—OPEN SPACE AND LAND*
 14 *DEVELOPMENT*

15 *PART 1—PERMANENT OPEN LAND*

16 *FINDINGS AND PURPOSE*

17 *SEC. 701. (a) The Congress finds that a combination of*
 18 *economic, social, governmental, and technological forces have*
 19 *caused a rapid expansion of the Nation's urban areas, which*
 20 *has created critical problems of service and finance for all*
 21 *levels of government and which, combined with a rapid popu-*
 22 *lation growth in such areas, threatens severe problems of urban*
 23 *and suburban living, including the loss of valuable open-space*
 24 *land in such areas, for the preponderant majority of the*
 25 *Nation's present and future population.*

1 (b) It is the purpose of this part to help curb urban
2 sprawl and prevent the spread of urban blight and deteriora-
3 tion, to encourage more economic and desirable urban de-
4 velopment, and to help provide necessary recreational, con-
5 servation, and scenic areas by assisting State and local gov-
6 ernments in taking prompt action to preserve open-space land
7 which is essential to the proper long-range development and
8 welfare of the Nation's urban areas, in accordance with
9 plans for the allocation of such land for open-space purposes.

10 FEDERAL GRANTS

11 SEC. 702. (a) In order to encourage and assist in the
12 timely acquisition of land to be used as permanent open-
13 space land, as defined herein, the Housing and Home
14 Finance Administrator (hereinafter referred to as the
15 "Administrator") is authorized to make grants to State and
16 local public bodies acceptable to the Administrator as capa-
17 ble of carrying out the provisions of this part to help finance
18 the acquisition of title to, or other permanent interests in,
19 such land. The amount of any such grant shall not exceed
20 20 per centum of the total cost, as approved by the Adminis-
21 trator, of acquiring such interests: Provided, That this limita-
22 tion may be increased to not to exceed 30 per centum in the
23 case of a grant extended to a public body which (1) exer-
24 cises responsibilities consistent with the purposes of this
25 part for an urban area as a whole, or (2) exercises or par-

1 *ticipates in the exercise of such responsibilities for all or a*
2 *substantial portion of an urban area pursuant to an inter-*
3 *state or other intergovernmental compact or agreement.*

4 *(b) The Administrator may make grants under this part*
5 *aggregating not to exceed \$100,000,000. There are hereby*
6 *authorized to be appropriated, out of any moneys in the*
7 *Treasury not otherwise appropriated, the amounts necessary*
8 *to provide for such payments as well as to carry out all other*
9 *purposes of this part.*

10 *(c) No grants under this part shall be used to defray*
11 *development costs or ordinary State or local governmental*
12 *expenses, or to help finance the acquisition by a public body*
13 *of land located outside the urban area for which it exercises*
14 *(or participates in the exercise of) responsibilities consistent*
15 *with the purpose of this part.*

16 *(d) The Administrator may set such further terms and*
17 *conditions for assistance under this part as he determines to*
18 *be desirable.*

19 *(e) The Administrator shall consult with the Secre-*
20 *tary of the Interior on the general policies to be followed in*
21 *reviewing applications for grants. To assist the Adminis-*
22 *trator in such review, the Secretary of the Interior shall fur-*
23 *nish him appropriate information on the status of recrea-*
24 *tional planning for the areas to be served by the open-space*
25 *land acquired with the grants. The Administrator shall*

1 provide current information to the Secretary from time to
2 time on significant program developments.

3 PLANNING REQUIREMENTS

4 SEC. 703. (a) The Administrator shall make grants for
5 the acquisition of land under this part only if he finds that
6 (1) the proposed use of the land for permanent open space
7 is important to the execution of a comprehensive plan for
8 the urban area meeting criteria he has established for such
9 plans, and (2) a program of comprehensive planning (as
10 defined in section 701(d) of the Housing Act of 1954) is
11 being actively carried on for the urban area.

12 (b) In extending financial assistance under this part, the
13 Administrator shall take such action as he deems appro-
14 priate to assure that local governing bodies are preserving
15 a maximum of open-space land, with a minimum of cost,
16 through the use of existing public land; the use of special tax,
17 zoning, and subdivision provisions; and the continuation of
18 appropriate private use of open-space land through acquisi-
19 tion and leaseback, the acquisition of restrictive easements,
20 and other available means.

21 CONVERSIONS TO OTHER USES

22 SEC. 704. No open-space land for which a grant has
23 been made under this part shall, without the approval of the
24 Administrator, be converted to uses other than those origi-
25 nally approved by him. The Administrator shall approve no

1 *conversion of land from open-space use unless he finds that*
 2 *such conversion is essential to the orderly development and*
 3 *growth of the urban area involved and is in accord with the*
 4 *then applicable comprehensive plan, meeting criteria estab-*
 5 *lished by him. The Administrator shall approve any such*
 6 *conversion only upon such conditions as he deems necessary*
 7 *to assure the substitution of other open-space land of at least*
 8 *equal fair market value and of as nearly as feasible equiva-*
 9 *lent usefulness and location.*

10 *TECHNICAL ASSISTANCE, STUDIES, AND PUBLICATION OF*
 11 *INFORMATION*

12 *SEC. 705. In order to carry out the purpose of this part*
 13 *the Administrator is authorized to provide technical assistance*
 14 *to State and local public bodies and to undertake such studies*
 15 *and publish such information, either directly or by contract, as*
 16 *he shall determine to be desirable. There are hereby author-*
 17 *ized to be appropriated, out of any moneys in the Treasury*
 18 *not otherwise appropriated, such amounts as may be neces-*
 19 *sary to provide for such assistance, studies, and publication.*
 20 *Nothing contained in this section shall limit any authority of*
 21 *the Administrator under any other provision of law.*

22 *DEFINITIONS*

23 *SEC. 706. As used in this part—*

24 *(1) The term "open-space land" means any undeveloped*
 25 *or predominantly undeveloped land in an urban area which*

1 *has (A) recreational value; (B) conservation value in pro-*
 2 *tecting natural resources; or (C) historic or scenic value.*

3 (2) *The term "urban area" means any area which is*
 4 *urban in character, including those surrounding areas which,*
 5 *in the judgment of the Administrator, form an economic and*
 6 *socially related region, taking into consideration such factors*
 7 *as present and future population trends and patterns of*
 8 *urban growth, location of transportation facilities and sys-*
 9 *tems, and distribution of industrial, commercial, residential,*
 10 *governmental, institutional, and other activities.*

11 (3) *The term "State" means any of the several States,*
 12 *the District of Columbia, the Commonwealth of Puerto Rico,*
 13 *the Virgin Islands, and Guam.*

14 *PART 2—FHA INSURANCE FOR SITE PREPARATION AND*

15 *DEVELOPMENT*

16 *LAND DEVELOPMENT INSURANCE*

17 *SEC. 710. The National Housing Act is amended by*
 18 *adding at the end thereof the following new title:*

19 *"TITLE X—LAND DEVELOPMENT INSURANCE*

20 *"SEC. 1001. As used in this title—*

21 *"(1) the term 'mortgage' means a lien on real*
 22 *estate in fee simple, or on the interest of either the*
 23 *lessor or lessee thereof (A) under a lease for not less*

1 *than ninety-nine years which is renewable, or (B) under*
2 *a lease having a period of not less than fifty years to*
3 *run from the date the mortgage was executed; and the*
4 *term 'first mortgage' includes such classes of first liens*
5 *as are commonly given to secure advances (including*
6 *but not being limited to advances during construction)*
7 *on, or the unpaid purchase price of, real estate under*
8 *the laws of the State in which the real estate is located,*
9 *together with the credit instrument or instruments, if*
10 *any, secured thereby, and may be in the form of trust*
11 *mortgages or mortgage indentures or deeds of trust*
12 *securing notes, bonds, or other credit instruments;*

13 *"(2) the terms 'mortgagee', 'mortgagor', and 'State'*
14 *shall have the same meaning as when used in section 207*
15 *of this Act;*

16 *"(3) the term 'improvements' means water lines and*
17 *water supply installations, sewer lines and sewer dis-*
18 *posal installations, utilities, pavements, curbs, gutters,*
19 *and other installations or work, whether on or off the*
20 *site, (A) which are necessary or desirable to convert*
21 *raw land in an urban or suburban community into build-*
22 *ing sites primarily for the construction of structures*
23 *designed for residential use, and (B) which are in*

1 *keeping with applicable governmental requirements and*
2 *with standards not lower than those reflected in general*
3 *practice in the community; and*

4 “(4) the term ‘development’ means the process of
5 *making and installing improvements.*

6 “SEC. 1002. (a) The Commissioner is authorized upon
7 *application by the mortgagee to insure under this title as*
8 *hereinafter provided any first mortgage (including advances*
9 *during construction) which is eligible for insurance as herein-*
10 *after provided and, upon such terms and conditions as he*
11 *may prescribe, to make commitments for the insurance there-*
12 *of prior to the date of insurance; but no mortgage shall be*
13 *insured under this title after July 1, 1963, except pursuant*
14 *to a commitment to insure issued before such date.*

15 “(b) To be eligible for mortgage insurance under this
16 *title a mortgage shall—*

17 “(1) cover the land and improvements unless they
18 *are in public ownership or are excepted or released from*
19 *the lien of the mortgage with the approval of the Com-*
20 *missioner;*

21 “(2) involve an original principal obligation in an
22 *amount not to exceed \$2,500,000 and not to exceed 75*
23 *per centum of the estimated value of the security cov-*
24 *ered thereby as of the completion of the development to*
25 *be financed with the proceeds of the mortgage; but in no*

1 *event shall any such mortgage exceed 75 per centum of*
2 *the estimated value of the land as of the date of commit-*
3 *ment plus 75 per centum of the estimated cost of develop-*
4 *ment thereof;*

5 *“(3) have a maturity satisfactory to the Commis-*
6 *sioner but not to exceed five years;*

7 *“(4) contain repayment provisions satisfactory to*
8 *the Commissioner and bear interest (exclusive of pre-*
9 *mium charges for mortgage insurance) at a rate satis-*
10 *factory to the Commissioner, but not to exceed 6 per*
11 *centum per annum, on the amount of the principal obli-*
12 *gation outstanding at any time;*

13 *“(5) contain such other conditions as the Commis-*
14 *sioner may prescribe with respect to protection of the*
15 *security, payment of taxes, delinquency charges, prepay-*
16 *ment, additional and secondary liens, release of a portion*
17 *or portions of the mortgaged property from the lien of the*
18 *mortgage, and other matters as the Commissioner may in*
19 *his discretion prescribe; and*

20 *“(6) be executed by, and cover property held by, a*
21 *mortgagor approved by the Commissioner and have been*
22 *made to and be held by a mortgagee approved by the*
23 *Commissioner.*

24 *“(c) No mortgage shall be accepted for insurance under*
25 *this title unless the Commissioner finds that—*

1 “(1) it will aid in the development of land owned
2 by or to be acquired by the mortgagor, and the develop-
3 ment of such land is economically sound;

4 “(2) the assistance provided by this title is needed
5 to meet the housing and related needs of moderate income
6 families; and

7 “(3) the mortgagor will develop the land under a
8 schedule reasonably assuring the timely completion of
9 all desirable neighborhood facilities and either will con-
10 struct upon the land, within a reasonable period after
11 its development, structures primarily for residential use
12 by moderate income families, or will make the developed
13 land available to other persons for such purpose; and
14 the Commissioner shall require the mortgagor to enter
15 into such agreements or covenants as the Commissioner in
16 his discretion may deem appropriate to assure that such
17 construction will take place within such period.

18 “(d) The mortgage may include a provision permitting
19 the mortgagee to make advances subsequent to full disburse-
20 ment of the original principal: Provided, That the total
21 amount of such advances outstanding at any one time shall
22 not exceed the face amount of the mortgage.

23 “(e) The Commissioner shall collect a premium charge
24 for the insurance of mortgages under this title, but in the
25 case of any mortgage such charge shall not be less than an

1 amount equivalent to one-half of 1 per centum per annum
2 nor more than an amount equivalent to 1 per centum per
3 annum of the amount of the principal obligation of the mort-
4 gage outstanding at any time, without taking into account
5 delinquent payments or prepayments. Such charge shall be
6 payable by the mortgagee, either in cash or in debentures of the
7 Land Development Insurance Fund issued by the Commis-
8 sioner under this title at par plus accrued interest. In ad-
9 dition to the premium charge herein provided for, the Com-
10 missioner is authorized to charge and collect such amounts as
11 he may deem reasonable for the appraisal of the property
12 offered for insurance and for the inspection of such property
13 and the development thereof during construction, but such
14 charges for appraisal and inspection shall not aggregate more
15 than 1 per centum of the original principal face amount of the
16 mortgage.

17 “(f) The provisions of subsections (e), (g), (h), (i),
18 (j), (k), (l), (m), (n), and (p) of section 207 of this Act
19 shall be applicable to mortgages insured under this title, except
20 that as applied to such mortgages (1) all references therein to
21 the Housing Insurance Fund or the Housing Fund shall be
22 construed to refer to the Land Development Insurance Fund,
23 and (2) all references therein to section 207 or 210 shall be
24 construed to refer to this section.

25 “(g) There is hereby created a Land Development In-

1 *urance Fund which shall be used by the Commissioner as a*
2 *revolving fund for carrying out the provisions of this title.*
3 *The Commissioner is hereby authorized and directed to trans-*
4 *fer immediately to such fund the sum of \$10,000,000 from*
5 *the War Housing Insurance Fund created by section 602 of*
6 *this Act, which sum shall be reimbursed to the War Housing*
7 *Insurance Fund from appraisal and inspection fees and*
8 *charges hereafter collected under this title. General expenses*
9 *of operation of the Federal Housing Administration under*
10 *this title may be charged to the Land Development Insurance*
11 *Fund.*

12 “*SEC. 1003. Any contract of insurance executed by the*
13 *Commissioner under this title with respect to a mortgage shall*
14 *be conclusive evidence of the eligibility of such mortgage for*
15 *insurance, and the validity of any contract of insurance so*
16 *executed shall be incontestable in the hands of an approved*
17 *mortgagee from the date of the execution of such contract, ex-*
18 *cept for fraud or misrepresentation on the part of such*
19 *approved mortgagee.*

20 “*SEC. 1004. Nothing in this title shall be construed to*
21 *exempt any real property acquired and held by the Commis-*
22 *sioner under this title from taxation by any State or political*
23 *subdivision thereof, to the same extent, according to its value,*
24 *as other real property is taxed.*

25 “*SEC. 1005. The Commissioner is authorized and*

1 *directed to make such rules and regulations as may be*
2 *necessary to carry out the provisions of this title.*

3 “SEC. 1006. Notwithstanding any other provision of this
4 *Act, no mortgage shall be finally endorsed for insurance*
5 *under this title nor shall any advance thereon during con-*
6 *struction be insured under this title unless the mortgagor*
7 *has executed an agreement in form and content satisfactory to*
8 *the Commissioner that he will certify to the Commissioner*
9 *(and shall submit such records and data in support of such*
10 *certification as the Commissioner shall prescribe) the actual*
11 *cost of the development of the land (being the cost of construct-*
12 *ing the on-site and off-site improvements reasonable and neces-*
13 *sary for such development, including amounts paid for labor,*
14 *materials, construction contracts, organizational and legal ex-*
15 *penses, professional fees, a reasonable allowance for builders’*
16 *profit if the mortgagor is also the builder as defined by the*
17 *Commissioner, and other items of expense approved by the*
18 *Commissioner). Notwithstanding any other provisions of this*
19 *title (1) no mortgage shall be finally endorsed for insurance*
20 *if the principal amount thereof exceeds 75 per centum of the*
21 *Commissioner’s estimate of the value of the land when the pro-*
22 *posed development is completed and (2) no advance on such*
23 *mortgage shall be insured if such advance, when added to*
24 *previous insured advances, exceeds 75 per centum of the*

1 Commissioner's estimate of the value of the land as of the
 2 date of commitment plus 75 per centum of the cost of such
 3 development to the date of such disbursement as shown by
 4 the mortgagor's certificate; but in no event shall more than 90
 5 per centum of the principal obligation of the loan be disbursed
 6 prior to the completion of the development contemplated by
 7 the Commissioner's commitment. The mortgagor shall also
 8 agree that, in the event the final amount of the mortgage or
 9 the amount of any advance exceeds the amount permitted
 10 under clause (1) or (2) (as the case may be) of the preced-
 11 ing sentence, he will reduce the mortgage or the insured ad-
 12 vance by the amount of the excess."

13 CONFORMING AMENDMENTS

14 SEC. 711. (a) Section 219 of the National Housing Act
 15 (as amended by section 612(f) of this Act) is amended by
 16 inserting after "the Section 221 Housing Insurance Fund,"
 17 the following: "the Land Development Insurance Fund,".

18 (b) Section 215 of such Act is amended by striking out
 19 "or title IX" and inserting in lieu thereof "title IX, or title
 20 X".

21 (c) The first paragraph of section 24 of the Federal Re-
 22 serve Act is amended by inserting before the last sentence the
 23 following new sentence: "Notwithstanding the limitations and
 24 restrictions in this section, any national banking association

1 *may make loans for site preparation and development which*
2 *are secured by mortgages insured under title X of the Na-*
3 *tional Housing Act."*

4 *TITLE VIII—FARM HOUSING*

5 *SEC. 801. (a) Section 502(b)(1) of the Housing Act of*
6 *1949 is amended by striking out "and such additional se-*
7 *curity" and inserting in lieu thereof the words "or such other*
8 *security".*

9 *(b) Sections 511, 512, and 513 of such Act are each*
10 *amended by striking out "1961" and inserting in lieu there-*
11 *of "1965".*

12 *SEC. 802. The second sentence of section 511 of the*
13 *Housing Act of 1949 is amended by striking out "\$450,-*
14 *000,000" and inserting in lieu thereof "\$650,000,000".*

15 *SEC. 803. (a) Section 501(a) of the Housing Act of*
16 *1949 is amended by inserting "(1)" before "to owners of*
17 *farms", and by inserting before the period at the end thereof*
18 *the following: ", and (2) to owners of other real estate in*
19 *rural areas to enable them to provide dwellings and related*
20 *facilities for their own use and buildings adequate for their*
21 *farming operations".*

22 *(b) Section 501(c) of such Act is amended by insert-*
23 *ing before the semicolon at the end of clause (1) the follow-*
24 *ing: ", or that he is the owner of other real estate in a rural*

1 area without an adequate dwelling or related facilities for
2 his own use or buildings adequate for his farming opera-
3 tions.”

4 (c) Section 501 of such Act is further amended by add-
5 ing at the end thereof the following new subsection:

6 “(d) As used in this title (except in sections 503 and
7 504(b)), the terms ‘farm’, ‘farm dwelling’, and ‘farm hous-
8 ing’ shall include dwellings or other essential buildings of
9 eligible applicants.”

10 SEC. 804. (a) Title V of the Housing Act of 1949
11 is further amended by adding at the end thereof the following
12 new section:

13 “INSURANCE OF LOANS FOR THE PROVISION OF HOUSING
14 AND RELATED FACILITIES FOR DOMESTIC FARM LABOR

15 “SEC. 514. (a) The Secretary is authorized to insure
16 and make commitments to insure loans made by lenders
17 other than the United States to the owner of any farm, any
18 association of farmers, any State or political subdivision
19 thereof, or any public or private nonprofit organization for
20 the purpose of providing housing and related facilities for
21 domestic farm labor in accordance with terms and conditions
22 substantially identical with those specified in section 502;
23 except that—

24 “(1) no such loan shall be insured in an amount in
25 excess of the value of the farm involved less any prior

1 *liens in the case of a loan to an individual owner of a*
2 *farm, or the total estimated value of the structures and*
3 *facilities with respect to which the loan is made in the*
4 *case of any other loan;*

5 *“(2) no such loan shall be insured if it bears in-*
6 *terest at a rate in excess of 5 per centum per annum;*

7 *“(3) out of interest payments by the borrower the*
8 *Secretary shall retain a charge in an amount not less*
9 *than one-half of 1 per centum per annum of the unpaid*
10 *principal balance of the loan;*

11 *“(4) the insurance contracts and agreements with*
12 *respect to any loan may contain provisions for servicing*
13 *the loan by the Secretary or by the lender, and for the*
14 *purchase by the Secretary of the loan if it is not in*
15 *default, on such terms and conditions as the Secretary*
16 *may prescribe; and*

17 *“(5) the Secretary may take mortgages creating*
18 *a lien running to the United States for the benefit of*
19 *the insurance fund referred to in subsection (b) notwith-*
20 *standing the fact that the note may be held by the lender*
21 *or his assignee.*

22 *“(b) The Secretary shall utilize the insurance fund*
23 *created by section 11 of the Bankhead-Jones Farm Tenant*
24 *Act (7 U.S.C. 1005a) and the provisions of section 13 (a),*

1 (b), and (c) of such Act (7 U.S.C. 1005c (a), (b), and
2 (c)) to discharge obligations under insurance contracts made
3 pursuant to this section, and

4 “(1) the Secretary may utilize the insurance fund
5 to pay taxes, insurance, prior liens, and other expenses
6 to protect the security for loans which have been insured
7 hereunder and to acquire such security property at fore-
8 closure sale or otherwise;

9 “(2) the notes and security therefor acquired by
10 the Secretary under insurance contracts made pursuant
11 to this section shall become a part of the insurance fund.
12 Loans insured under this section may be held in the fund
13 and collected in accordance with their terms or may be
14 sold and reinsured. All proceeds from such collections,
15 including the liquidation of security and the proceeds
16 of sales, shall become a part of the insurance fund; and

17 “(3) of the charges retained by the Secretary out
18 of interest payments by the borrower, amounts not less
19 than one-half of 1 per centum per annum of the unpaid
20 principal balance of the loan shall be deposited in and be-
21 come a part of the insurance fund. The remainder of
22 such charges shall be deposited in the Treasury of the
23 United States and shall be available for administrative
24 expenses of the Farmers Home Administration, to be

1 *transferred annually to and become merged with any*
2 *appropriation for such expenses.*

3 *“(c) Any contract of insurance executed by the Secre-*
4 *tary under this section shall be an obligation of the United*
5 *States and incontestable except for fraud or misrepresentation*
6 *of which the holder of the contract has actual knowledge.*

7 *“(d) The aggregate amount of the principal obligations*
8 *of the loans insured under this section shall not exceed*
9 *\$25,000,000 in any one fiscal year.*

10 *“(e) Amounts made available pursuant to section*
11 *513 of this Act shall be available for administrative ex-*
12 *penses incurred under this section.*

13 *“(f) As used in this section—*

14 *“(1) the term ‘housing’ means (A) new structures*
15 *suitable for dwelling use by domestic farm labor, and*
16 *(B) existing structures which can be made suitable for*
17 *dwelling use by domestic farm labor by rehabilitation,*
18 *alteration, conversion, or improvement; and*

19 *“(2) the term ‘related facilities’ means (A) new*
20 *structures suitable for use as dining halls, community*
21 *rooms or buildings, or infirmaries, or for other essential*
22 *services facilities, and (B) existing structures which can*
23 *be made suitable for the above uses by rehabilitation, al-*
24 *teration, conversion, or improvement; and*

1 “(3) the term ‘domestic farm labor’ means citizens
2 of the United States who receive a substantial portion
3 (as determined by the Secretary) of their income as
4 laborers on farms situated in the United States.”

5 (b) Title V of such Act is further amended—

6 (1) by inserting in section 506(a) “and section
7 514,” immediately after “501 to 504, inclusive,” each
8 place it appears; and

9 (2) by striking out “under this title” in section 507
10 and inserting in lieu thereof “under sections 501 to 504,
11 inclusive”.

12 (c) The first paragraph of section 24 of the Federal
13 Reserve Act (12 U.S.C. 371) is amended by inserting after
14 “the Act of August 28, 1937, as amended” the follow-
15 ing: “, or title V of the Housing Act of 1949, as amended”.

16 SEC. 805. (a) Section 506 of the Housing Act of 1949
17 is amended—

18 (1) by striking out the last sentence of subsection
19 (a);

20 (2) by redesignating subsection (b) as subsection
21 (e); and

22 (3) by inserting after subsection (a) the following
23 new subsections:

24 “(b) The Secretary is further authorized to conduct re-
25 search and technical studies including the development,

1 *demonstration, and promotion of construction of adequate*
2 *farm dwellings and other buildings for the purpose of stimu-*
3 *lating construction, improving the architectural design and*
4 *utility of such dwellings and buildings, and utilizing new*
5 *and native materials, economies in materials and construction*
6 *methods, and new methods of production, distribution, as-*
7 *sembly, and construction, with a view to reducing the cost of*
8 *farm dwellings and buildings and adapting and developing*
9 *fixtures and appurtenances for more efficient and economical*
10 *farm use.*

11 “(c) The Secretary is further authorized to carry out a
12 program of research, study, and analysis of farm housing in
13 the United States to develop data and information on—

14 “(1) the adequacy of existing farm housing;

15 “(2) the nature and extent of current and prospec-
16 tive needs for farm housing, including needs for financ-
17 ing and for improved design, utility, and comfort, and
18 the best methods of satisfying such needs;

19 “(3) problems faced by farmers and other persons
20 eligible under section 501 in purchasing, constructing,
21 improving, altering, repairing, and replacing farm
22 housing;

23 “(4) the interrelation of farm housing problems and
24 the problems of housing in urban and suburban areas;
25 and

1 “(5) any other matters bearing upon the provision
2 of adequate farm housing.

3 “(d) To the extent determined by him to be advisable,
4 the Secretary may carry out the research and study programs
5 authorized by subsections (b) and (c) through grants made
6 by him on such terms, conditions, and standards as he may
7 prescribe to land-grant colleges established pursuant to the
8 Act of July 2, 1862 (7 U.S.C. 301-308) or through such
9 other agencies as he may select.”

10 (b) Section 513 of such Act is amended by striking out
11 “and (c)” and inserting in lieu thereof the following: “(c)
12 not to exceed \$250,000 per year for research and study pro-
13 grams pursuant to subsections (b), (c), and (d) of section
14 506 during the period beginning July 1, 1961, and ending
15 June 30, 1965; and (d)”.

16 SEC. 806. (a) Section 508 of the Housing Act of 1949
17 is amended by striking out “of \$5 per day” in subsection
18 (a) and inserting in lieu thereof “determined by the Secre-
19 tary”.

20 (b) Section 508 of such Act is amended by striking
21 out “their opinions of the reasonable values of the farms”
22 in the second sentence of subsection (b) and inserting in lieu
23 thereof “as to the amount of the loan or grant.”

1 **TITLE IX—MISCELLANEOUS**2 **HOME OWNERS' LOAN ACT OF 1933**

3 *SEC. 901. (a) Section 5(c) of the Home Owners' Loan*
4 *Act of 1933 is amended by striking out "in loans insured*
5 *under title I of the National Housing Act, as amended," in*
6 *the first sentence of the second paragraph and inserting in*
7 *lieu thereof "in loans insured under title I of the National*
8 *Housing Act, in home improvement loans insured under title*
9 *II of the National Housing Act,".*

10 *(b) Section 5(c) of such Act is further amended by*
11 *adding at the end thereof the following new paragraph:*

12 *"Without regard to any other provision of this subsec-*
13 *tion except the area restriction and the \$35,000 limitation,*
14 *any such association may invest an amount not exceeding*
15 *at any one time 5 per centum of its assets in nonamortized*
16 *loans which are made on the security of first liens upon*
17 *homes or combinations of homes and business property and*
18 *which (1) are repayable within a period of eighteen months,*
19 *(2) provide that interest payments be made at least semi-*
20 *annually, and (3) do not exceed 80 per centum of the ap-*
21 *praised value of the property involved. For the purposes*
22 *of this paragraph the term 'first liens' includes the assign-*
23 *ment of the whole of the beneficial interest in a trust having*

1 a corporate trustee whereunder real estate held in the trust
2 can be subjected to the satisfaction of the obligation or
3 obligations secured with the same priority as a first mortgage,
4 a first deed of trust, or a first trust deed in the jurisdiction
5 where the real estate is located.”

6 (c) Section 5(c) of such Act is further amended by
7 adding at the end thereof (after the paragraph added by sub-
8 section (b) of this section) the following new paragraph:

9 “Without regard to any other provision of this subsec-
10 tion except the area restriction, any such association is au-
11 thorized to invest an amount not exceeding at any one time
12 5 per centum of its assets in amortized loans or participat-
13 ing interests therein which are secured by first liens upon im-
14 proved real estate used to provide housing facilities for the
15 aging, subject to the following qualifications:

16 “(1) each such loan shall be repayable within a
17 period of 30 years;

18 “(2) no such loan shall exceed 90 per centum of the
19 appraised value of the improved real estate given as
20 security therefor; and

21 “(3) each such loan—

22 “(A) shall be made upon and secured by real
23 estate which is improved by housing accommoda-
24 tions, individual or multiple, designed for the pur-
25 pose of providing accommodations for occupancy by

1 aging persons, or of providing rest homes or nurs-
 2 ing homes, so constructed or altered as to be suit-
 3 able primarily for the occupancy of persons over
 4 fifty-five years of age and limited principally to the
 5 occupancy of such persons; and

6 “(B) shall be made for the implementation of
 7 the purpose described in clause (A).”

8 (d) Section 5(c) of such Act is further amended by
 9 adding at the end thereof (after the paragraph added by
 10 subsection (c) of this section) the following new paragraph:

11 “Without regard to any other provision of this subsection,
 12 any such association is authorized to invest not more than
 13 5 per centum of its assets in certificates of beneficial interest
 14 issued by any urban renewal investment trust. For the
 15 purposes of this paragraph the term ‘urban renewal invest-
 16 ment trust’ means an unincorporated trust established by
 17 written agreement between the authorized officers of two or
 18 more savings institutions the savings or share accounts of
 19 which are insured by an agency of the Federal Government,
 20 which agreement—

21 “(1) expressly limits the purposes of the trust and
 22 the investment powers of the trustees to the elimination
 23 or prevention of the spread of slums and blighted or de-
 24 teriorated or deteriorating areas and the redevelopment,
 25 renewal, rehabilitation, or conservation of such areas by

1 *private enterprise through financing the purchase or re-*
2 *habilitation of real property, or the construction of im-*
3 *provements thereon, designed or usable for industrial,*
4 *commercial, or housing purposes within the confines of an*
5 *urban renewal area (as defined in section 110 of the*
6 *Housing Act of 1949);*

7 *“(2) expressly limits the beneficial ownership of*
8 *the trust to savings and loan associations or banks the*
9 *savings or share accounts of which are insured by an*
10 *agency of the Federal Government;*

11 *“(3) provides that such beneficial ownership be*
12 *evidenced by certificates of beneficial interest, which*
13 *certificates shall have first claim at all times on the assets*
14 *of the trust without preference between the holders there-*
15 *of, and shall be fully transferable and assignable be-*
16 *tween any such banks and savings and loan associations*
17 *at all times; and*

18 *“(4) expressly provides that it shall be effective and*
19 *binding between the parties thereto only upon being ap-*
20 *proved by the board.*

21 *Any association chartered under the provisions of this sec-*
22 *tion may become a party to any urban renewal investment*

1 *trust. The Federal Home Loan Bank Board shall prescribe*
 2 *such rules and regulations, not inconsistent with the provi-*
 3 *sions of this paragraph, as it may deem necessary for the*
 4 *proper establishment of urban renewal investment trusts, for*
 5 *the effective operation thereof, and the participation in such*
 6 *operations of eligible institutions either as parties, as trus-*
 7 *tees, or as the holders of certificates of beneficial interest."*

8 *FEDERAL RESERVE ACT*

9 *SEC. 902. Section 24 of the Federal Reserve Act is*
 10 *amended by inserting at the end of the next to the last para-*
 11 *graph a new sentence as follows: "Home improvement loans*
 12 *which are insured under the provisions of section 203(k) or*
 13 *220(h) of the National Housing Act may be made without*
 14 *regard to the first lien requirements of this section."*

15 *VOLUNTARY HOME MORTGAGE CREDIT PROGRAM*

16 *SEC. 903. Section 610(a) of the Housing Act of 1954*
 17 *is amended by striking out "1961" and inserting in lieu*
 18 *thereof "1965".*

19 *DISPOSAL OF PASSYUNK WAR HOUSING PROJECT*

20 *SEC. 904. Section 802(a) of the Housing Act of 1959*
 21 *is amended by striking out "five" in the first sentence and*
 22 *inserting in lieu thereof "seven".*

1 *DISPOSAL OF NATHANAEL GREENE VILLA HOUSING*2 *PROJECT*

3 *SEC. 905. Notwithstanding the provisions of section 606*
4 *of the Act entitled "An Act to expedite the provision of*
5 *housing in connection with national defense, and for other*
6 *purposes", approved October 14, 1940, as amended, and*
7 *any agreements entered into thereunder, the Housing and*
8 *Home Finance Administrator and the Public Housing Ad-*
9 *ministration are authorized and directed to agree to the sale*
10 *by the Housing Authority of Savannah, Georgia, to the*
11 *City of Savannah, Georgia, of all right, title, and interest*
12 *in and to Nathanael Greene Villa (low-rent Housing project*
13 *GA-2-8; formerly war housing project GA-9041), for a*
14 *total price of \$275,000, which shall be paid to the Adminis-*
15 *tration and deposited by the Administration in the Treasury*
16 *as miscellaneous receipts in accordance with section 606(d)*
17 *of such Act.*

18 *HOSPITAL CONSTRUCTION*

19 *SEC. 906. (a) Section 605(b) of the Housing Act of*
20 *1956 is amended by striking out "1960" and inserting in*
21 *lieu thereof "1962".*

22 *(b) Section 605(c) of such Act is amended by striking*
23 *out "and June 30, 1961" and inserting in lieu thereof*
24 *"June 30, 1961, and June 30, 1962".*

1 *PAYMENT IN LIEU OF TAXES BY HOLYOKE HOUSING*2 *AUTHORITY*

3 *SEC. 907. Notwithstanding the provisions of any other*
4 *law or any contract or rule of law, the Public Housing Com-*
5 *missioner shall approve the payment in lieu of taxes, in the*
6 *amount of \$9,933.47, made by the Holyoke Housing Author-*
7 *ity to the city of Holyoke, Massachusetts, under section 10*
8 *(h) of the United States Housing Act of 1937, for its fiscal*
9 *year ended December 31, 1956.*

10 *ADMINISTRATIVE*

11 *SEC. 908. Section 502 of the Housing Act of 1948 is*
12 *amended by—*

13 *(1) striking out in subsection (c)(3) the first pro-*
14 *viso, the colon thereafter, and the words “And pro-*
15 *vided further,” and inserting in lieu thereof “Pro-*
16 *vided,”; and*

17 *(2) adding at the end thereof the following sub-*
18 *section:*

19 *“(d) The Housing and Home Finance Administrator,*
20 *the Federal Housing Commissioner, and the Public Housing*
21 *Commissioner, respectively, may utilize funds made available*
22 *to them for salaries and expenses for payment in advance*
23 *for dues or fees for library memberships in organizations (or*
24 *for membership of the individual librarians of the respective*

1 agencies in organizations which will not accept library
2 membership) whose publications are available to members
3 only, or to members at a price lower than to the general
4 public, and for payment in advance for publications available
5 only upon that basis or available at a reduced price on pre-
6 publication order.”

Passed the Senate June 12, 1961.

Attest: **FELTON M. JOHNSTON,**
Secretary.

Passed the House of Representatives with an amendment
June 22, 1961.

Attest: RALPH R. ROBERTS,
Clerk.

AN ACT

To assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 22, 1961

Ordered to be printed with the amendment of the
House of Representatives

June 26, 1961

grade of every carload shipped." Sen. Morton expressed concern over the effects that the feed byproducts of the corn, if made into alcohol, would have on the market for other types of feed. pp. 10528-31

16. FARM LABOR. Sen. Humphrey urged modification of the Mexican farm labor program so as to restrict the importation of Mexicans as farm laborers and urged that farmers "regard the Mexican farm labor importation program as a source of supplemental labor for unskilled and temporary work; that is what Congress intended it to be." pp. 10498-500
17. HOUSING. Conferees were appointed on S. 1922, the omnibus housing bill. House conferees have already been appointed. pp. 10450-66
18. SALINE WATER. Both Houses received from the President a proposed bill to expand and extend the saline water conversion program; to S. and H. Interior and Insular Affairs Committees. pp. 10447-, 10466
19. HONEYBEE IMPORTS. Both Houses received from this Department a proposed bill to amend the Honeybee Act so as to regulate the importation into the U. S. of adult honeybees of all species and subspecies (the present law is applicable to only one species of honeybees); to H. Agriculture and S. Agriculture and Forestry Committees. pp. 10447, 10466
20. EDUCATIONAL EXCHANGE. Received from the U. S. Advisory Commission on Educational Exchange a report on educational exchange activities. p. 10467
21. CONSERVATION CORPS. Received a Calif. Legislature resolution favoring enactment of legislation to establish a Youth Conservation Corps. pp. 10467-8
22. SOIL BANK. Received a Winnebago County, Wisc., Board of Supervisors resolution urging control measures for fire hazards resulting from untended soil bank land. p. 10468
23. TRANSPORTATION. The Commerce Committee reported without amendment S. 1725, to permit the establishment of through service and joint rates for carriers serving Alaska or Hawaii and the other States and to establish a joint board to review such rates (S. Rept. 443). p. 10469
Received from the Commerce Committee a report, "National Transportation Policy," prepared by the Special Study Group on Transportation Policies in the U. S. p. 10469
24. FOREIGN TRADE. Received from the Commerce Committee a report, "The United States and World Trade -- Challenges and Opportunities." p. 10470
25. FOREIGN AID. Sen. Humphrey inserted the President's address before the National Conference on International Economic and Social Development discussing the need for continuation of the foreign aid program. pp. 10497-8
26. FISHERIES. Sen. Gruening inserted an editorial favoring enactment of legislation to provide for an additional 30 percent of the gross receipts from duties collected on fishery products to be allocated to the States for development of the fishing industry. p. 10476

27. SEEDS; YEARBOOK. Sen. Keating commended the 1961 Yearbook of Agriculture on Seeds and stated that he was "struck by the vast amount of information available in this volume." p. 10489
28. WATERSHEDS. Sen. Wiley inserted a letter from the president of the Wisc. Association of Soil Conservation District Supervisors to President Kennedy soliciting his support "in securing additional technical assistance and another watershed planning party for Wisconsin." p. 10482
29. FORESTRY; RECREATION. Sen. Yarborough inserted an article favoring the establishment of national seashore recreation areas on Padre Island, the Oregon Dunes, Cape Cod, and at Point Reyes. pp. 10483-4
30. RESEARCH. Sen. Proxmire inserted a report on a symposium held at the University of Wisconsin College of Agriculture on polypeptides and polyamino acids. pp. 10495-6
31. FOURTH SUPPLEMENTAL APPROPRIATION BILL FOR 1961. Began debate on this bill, H. R. 7712. pp. 10527-8
32. LEGISLATIVE PROGRAM. Sen. Mansfield announced that the fourth supplemental appropriation bill and S. 1154, the educational and cultural exchange bill, will be considered today. p. 10527

ITEMS IN APPENDIX

33. AIR POLLUTION. Extension of remarks of Sen. Keating inserting an article, "Air Pollution Is Everybody's Business." pp. A4747-8
34. ECONOMICS. Extension of remarks of Sen. Wiley inserting his recent radio address discussing "ways and means for improving the economic climate." p. A4749
35. FORESTRY. Extension of remarks of Rep. Ullman inserting an article, "Oregonian Works Out Formula: Trees Minus Trees Equals More Wood." pp. A4749-50
36. FOREIGN AID. Extension of Remarks of Sen. Talmadge inserting an article and stating that it is "an incisive analysis of the fallacies of foreign aid as practiced by the United States." p. A4750
Extension of remarks of Rep. Lane inserting an article, "Congress and Foreign Aid." p. A4819
37. FEDERAL AID. Extension of remarks of Rep. Schneebeli inserting an article, "What Experience Teaches About Federal Aid," and stating that "It is ... startling to read such blatant advocacy for Federal control as can be seen in the recently exposed report on Federal education goals." pp. A4759-60
38. TEXTILES. Extension of remarks of Rep. Holland inserting an article, "Automation: Lost Jobs," discussing the textile industry. p. A4765
Extension of remarks of Rep. Rhodes, Pa., discussing the remarks of George Baldanzi, president of the United Textile Workers, on the problems of automation. p. A4784
39. DAIRY INDUSTRY. Extension of remarks of Rep. Quie inserting an article "No Place for Political Speeches," and saying "The dairy industry is one group in this country which is vitally interested ... in what the U. S. Department of Agriculture is doing." p. A4775

Senate

MONDAY, JUNE 26, 1961

The Senate met at 12 o'clock meridian, and was called to order by the Honorable LEE METCALF, a Senator from the State of Montana.

The chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

O Lord, our God, reverently we bow in the plenitude of Thy mercies which are new every morning.

We give Thee thanks for the tasks which Thou hast given us to accomplish and for the strength to do whatever is committed to our hands.

Give us to see that the lessons which Thou hast set us to learn in Thy great school of discipline are the steps to deeper comprehensions and to broader fields of service.

Amid all masquerades of error and the sophistries of the cynical which seek to deceive our day lead us in the paths of righteousness and truth.

In this hour we would lift our prayer for the undergirding of Thy sustaining grace for a trusted and beloved colleague of all in this Chamber, upon whose path have fallen the shadows of a deep personal grief.

While carrying the heavy responsibilities of his national stewardship, Thou knowest the anxiety and concern of this servant of the Nation as he has tenderly ministered to the dear companion of the long years as her strength ebbed away with the passing months.

And now as the one who has taken and the other left, may the honored President pro tempore of this body, whose patience and quiet poise are a source of strength to all his counselors here, himself be sustained by the consolations of Thy grace and by a strength not his own, bringing the realization in his poignant loss that underneath are the everlasting arms.

We ask it in the name of that One who is the resurrection and the life. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., June 26, 1961.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. LEE METCALF, a Senator from the State of Montana, to perform the duties of the Chair during my absence.

CARL HAYDEN,
President pro tempore.

Mr. METCALF thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, June 22, 1961, was dispensed with.

REPORT OF A COMMITTEE SUBMITTED DURING ADJOURNMENT

Under authority of the order of the Senate of January 17, 1961, Mr. HOLLAND, from the Committee on Appropriations, on June 23, 1961, reported favorably, with amendments, the bill (H.R. 7577) making appropriations for the Executive Office of the President, the Department of Commerce, and sundry agencies for the fiscal year ending June 30, 1962, and for other purposes, and submitted a report (No. 442) thereon.

ENROLLED BILL SIGNED DURING ADJOURNMENT

Under authority of the order of the Senate of June 22, 1961, the President pro tempore, on June 23, 1961, signed the enrolled bill (S. 1343) for the relief of Dr. Tung Hui Lin, which had previously been signed by the Speaker of the House of Representatives.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on June 23, 1961, he presented to the President of the United States the enrolled bill (S. 1343) for the relief of Dr. Tung Hui Lin.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Ratchford, one of his secretaries, and he announced that the President had approved and signed the following acts and joint resolution:

On June 21, 1961:

S. 847. An act to change the name of the Army and Navy Legion of Valor of the United States of America, Incorporated, and for other purposes;

S. 1852. An act to authorize appropriations for aircraft, missiles, and naval vessels for the Armed Forces, and for other purposes; and

S.J. Res. 65. Joint resolution designating the week of May 13-19, 1962, as Police Week and designating May 14, 1962, as Peace Officers Memorial Day.

On June 23, 1961:

S. 1343. An act for the relief of Dr. Tung Hui Lin.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House insisted upon its amendment to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SPENCE, Mr. PATMAN, Mr. RAINS, Mr. MULTER, Mr. KILBURN, Mr. McDONOUGH, and Mr. WIDNALL were appointed managers on the part of the House at the conference.

The message also announced that the House had passed a joint resolution (H.J. Res. 463) to extend through June 30, 1962, the life of the U.S. Citizens Commission on North Atlantic Treaty Organization, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Acting President pro tempore:

S. 277. An act for the relief of Erica Barth;

S. 610. An act to strengthen the domestic and foreign commerce of the United States by providing for the establishment of a U.S. Travel Service within the Department of Commerce;

S. 1342. An act to provide that participation by members of the National Guard in the reenactment of the Battle of First Manassas shall be held and considered to be full-time training duty under section 503 of title 32, United States Code, and for other purposes;

H.R. 1441. An act for the relief of certain aliens;

H.R. 1642. An act for the relief of Mrs. Lilyan Robinson;

H.R. 1677. An act for the relief of Elie Hara;

H.R. 1710. An act for the relief of Narinder Singh Somal;

H.R. 1717. An act for the relief of Angelo Li Destri;

H.R. 1718. An act for the relief of Jaime E. Concepcion;

H.R. 1860. An act for the relief of Jovenal Gornes Verano;

H.R. 1888. An act for the relief of Tomislav Lazarevich;

H.R. 2152. An act for the relief of Mrs. Francisca Hartman;

H.R. 2351. An act for the relief of Hans Hangartner;

H.R. 2671. An act for the relief of Giovanna Bonavita;

H.R. 2991. An act for the relief of Joseph Maz;

H.R. 3146. An act for the relief of Jozef Gromada;

H.R. 3283. An act to revise the boundaries and to change the name of Fort Vancouver National Monument, in the State of Washington, and for other purposes;

H.R. 4023. An act for the relief of Mieczyslaw Bajor;

H.R. 4201. An act for the relief of Evangelia Kurtales;

H.R. 4482. An act for the relief of Urszula Sikora, Radoslav Vullin, and Desanka Vulin;

H.R. 5416. An act to include within the boundaries of Joshua Tree National Monument, in the State of California, certain federally owned lands used in connection with said monument, and for other purposes;

H.R. 5475. An act to transfer a section of Blue Ridge Parkway to the Shenandoah National Park, in the State of Virginia, and for other purposes;

H.R. 5760. An act to revise the boundaries of the Scotts Bluff National Monument, Nebraska, and for other purposes;

H.R. 5765. An act to authorize the purchase and exchange of land and interests therein on the Blue Ridge and Natchez Trace Parkways;

H.R. 6422. An act to add federally owned lands to, and exclude federally owned lands from, the Cedar Breaks National Monument, Utah, and for other purposes;

H.R. 7446. An act to provide a 1-year extension of the existing corporate normal-tax rate and of certain estate-tax rates; and

H.J. Res. 384. An act providing for acceptance by the United States of America of the Agreement for the Establishment of the Caribbean Organization signed by the Governments of the Republic of France, the Kingdom of the Netherlands, the United Kingdom of Great Britain, and Northern Ireland, and the United States of America.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H.J. Res. 463) to extend through June 30, 1962, the life of the U.S. Citizens Commission on North Atlantic Treaty Organization, was read twice by its title and referred to the Committee on Foreign Relations.

CALL OF THE CALENDAR DISPENSED WITH

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the call of the calendar, under the rule, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LIMITATION OF DEBATE DURING MORNING HOUR

Mr. MANSFIELD. Mr. President, under the rule, there will be the usual morning hour for the transaction of routine business. I ask unanimous consent that statements in connection therewith be limited to 3 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Committee

on Aeronautical and Space Sciences was authorized to meet during the session of the Senate today.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nomination on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The ACTING PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

The ACTING PRESIDENT pro tempore. If there be no reports of committees, the nomination on the calendar will be stated.

WORLD HEALTH ORGANIZATION

The Chief Clerk read the nomination of Dr. H. van Zile Hyde, of Maryland, to be the representative of the United States of America on the Executive Board of the World Health Organization.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of this nomination.

The ACTING PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

DEATH OF MRS. CARL HAYDEN

Mr. MANSFIELD. Mr. President, on behalf of the distinguished minority leader, myself, and 97 other Members of the Senate, I submit a resolution for which I request immediate consideration.

The ACTING PRESIDENT pro tempore. The resolution will be read, for the information of the Senate.

The resolution (S. Res. 166) submitted by Mr. MANSFIELD (for himself, Mr. DIRKSEN, Mr. AIKEN, Mr. ALLOTT, Mr. ANDERSON, Mr. BARTLETT, Mr. BEALL, Mr. BENNETT, Mr. BIBLE, Mr. BOGGS, Mr. BRIDGES, Mr. BURDICK, Mr. BUSH, Mr. BUTLER, Mr. BYRD of Virginia, Mr. CANON, Mr. CAPEHART, Mr. CARLSON, Mr. CARROLL, Mr. CASE of New Jersey, Mr. CASE of South Dakota, Mr. CHAVEZ, Mr. CHURCH, Mr. CLARK, Mr. COOPER, Mr. COTTON, Mr. CURTIS, Mr. DODD, Mr.

DOUGLAS, Mr. DWORSHAK, Mr. EASTLAND, Mr. ELLENDER, Mr. ENGLE, Mr. ERVIN, Mr. FONG, Mr. FULBRIGHT, Mr. GOLDWATER, Mr. GORE, Mr. GRUENING, Mr. HART, Mr. HARTKE, Mr. HICKENLOOPER, Mr. HICKEY, Mr. HILL, Mr. HOLLAND, Mr. HRUSKA, Mr. HUMPHREY, Mr. JACKSON, Mr. JAVIS, Mr. JOHNSTON, Mr. JORDAN, Mr. KEATING, Mr. KEFAUVER, Mr. KERR, Mr. KUCHEL, Mr. LAUSCHE, Mr. LONG of Missouri, Mr. LONG of Hawaii, Mr. LONG of Louisiana, Mr. MAGNUSON, Mr. MCCARTHY, Mr. McCLELLAN, Mr. MCGEE, Mr. McNAMARA, Mr. METCALF, Mr. MILLER, Mr. MONRONEY, Mr. MORSE, Mr. MORTON, Mr. MOSS, Mr. MUNDT, Mr. MUSKIE, Mrs. NEUBERGER, Mr. PASTORE, Mr. PELL, Mr. PROUTY, Mr. PROXMIER, Mr. RANDOLPH, Mr. ROBERTSON, Mr. RUSSELL, Mr. SALTONSTALL, Mr. SCHOEPPLE, Mr. SCOTT, Mr. SMATHERS, Mr. SMITH of Massachusetts, Mrs. SMITH of Maine, Mr. SPARKMAN, Mr. STENNIS, Mr. SYMINGTON, Mr. TALMADGE, Mr. THURMOND, Mr. TOWER, Mr. WILEY, Mr. WILLIAMS of New Jersey, Mr. WILLIAMS of Delaware, Mr. YARBOROUGH, Mr. YOUNG of North Dakota, and Mr. YOUNG of Ohio), was read, as follows:

Resolved, That the Senate has learned with profound sorrow of the death of Mrs. Carl Hayden, and extends sincere sympathy to their beloved colleague, the President pro tempore, the illustrious senior Senator from Arizona.

The ACTING PRESIDENT pro tempore. Without objection, the resolution will be considered; and, without objection, it is unanimously agreed to.

THE HOUSING ACT OF 1961

Mr. MANSFIELD. Mr. President, I ask that the Chair lay before the Senate the message received from the House of Representatives on the omnibus housing bill.

The ACTING PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, which was to strike out all after the enacting clause and insert:

That this Act may be cited as the "Housing Act of 1961".

TITLE I—NEW HOUSING PROGRAMS

Housing for Moderate Income Families

SEC. 101. (a) Section 221 of the National Housing Act is amended by—

(1) inserting before the text of such section a section heading as follows:

"Housing for Moderate Income and Displaced Families"

(2) striking out subsection (a) and inserting in lieu thereof the following:

"(a) This section is designed to assist private industry in providing housing for low and moderate income families and families displaced from urban renewal areas or as a result of governmental action;"

(3) inserting in subsection (b) after "any mortgage" the following: "(including advances during construction on mortgages covering property of the character described in paragraphs (3) and (4) of subsection (d) of this section)";

(4) striking out all of subsection (d)(2) down through "other prepaid expenses:" and inserting in lieu thereof the following:

"(2) be secured by property upon which there is located a dwelling designed principally for a single-family residence, conforming to applicable standards prescribed by the Commissioner under subsection (f) of this section, and meeting the requirements of all State laws, or local ordinances or regulations, relating to the public health or safety, zoning, or otherwise, which may be applicable thereto, and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount (A) not to exceed \$11,000, except that the Commissioner may increase such amount to not to exceed \$15,000 in any geographical area where he finds that cost levels so require; and (B) (i) in the case of new construction, not to exceed the appraised value (as of the date the mortgage is accepted for insurance) of any such property, less such amount, in the case of any mortgagor, as may be necessary to comply with the succeeding provisos, and (ii) in the case of repair and rehabilitation, the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation: *Provided*, That if the mortgagor is the owner and occupant of the property at the time of insurance, he shall have paid on account of the property at least \$200 in the case of a family displaced from an urban renewal area or as a result of governmental action, or at least 3 per centum of the appraised value of the property as of such time in any other case, which amount may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses:"

(5) striking out the last proviso in subsection (d)(2);

(6) striking out subsection (d)(3) and inserting in lieu thereof the following:

"(3) if executed by a mortgagor which is a public body or agency (other than a public housing agency under the United States Housing Act of 1937), a cooperative (including an investor-sponsor who meets such requirements as the Commissioner may impose to assure that the consumer interest is protected), or a limited dividend corporation (as defined by the Commissioner), or a private nonprofit corporation or association regulated or supervised under Federal or State laws or by political subdivisions of States, or agencies thereof, or by the Commissioner under a regulatory agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such manner as in the opinion of the Commissioner will effectuate the purposes of this section—

"(i) not exceed \$12,500,000;

"(ii) not exceed for such part of such property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$2,250 per room (or \$8,500 per family unit if the number of rooms in such property or project is less than four per family unit), except that the Commissioner may in his discretion increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,750 per room, and the dollar amount limitation of \$8,500 per family unit to not to exceed \$9,000 per family unit, as the case may be, to compensate for higher costs incident to the construction of elevator-type structures of sound standards of construction and design, and except that the Commissioner may increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,000 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require; and

"(iii) not exceed (1) in the case of new construction, the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner), or (2) in the case of repair and rehabilitation, the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation: *Provided*, That such property or project, when constructed, or repaired and rehabilitated, shall be for use as a rental or cooperative project, and low and moderate income families or families displaced by urban renewal or other governmental action shall be eligible for occupancy in accordance with such regulations and procedures as may be prescribed by the Commissioner and the Commissioner may adopt such requirements as he determines to be desirable regarding consultation with local public officials where such consultation is appropriate by reason of the relationship of such projects under other local programs; or";

(7) striking out in subsection (d)(4) "which is not a nonprofit organization" and inserting in lieu thereof "other than a mortgagor referred to in subsection (d)(3)";

(8) striking out subsection (d)(4)(i) and inserting in lieu thereof the following:

"(ii) not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$2,250 per room (or \$8,500 per family unit if the number of rooms in such property or project is less than four per family unit), except that the Commissioner may in his discretion increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,750 per room, and the dollar amount limitation of \$8,500 per family unit to not to exceed \$9,000 per family unit, as the case may be, to compensate for higher costs incident to the construction of elevator type structures of sound standards of construction and design, and except that the Commissioner may increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,000 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require;"

(9) striking out in subsection (d)(4)(iv) all that follows "(iv)" down through "And provided further" and inserting in lieu thereof the following: "not exceed 90 per centum of the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation if the proceeds of the mortgage are to be used for the repair and rehabilitation of a property or project: *Provided*:"

(10) striking out in subsection (d)(5) "but not to exceed forty years from the date of insurance of the mortgage" and inserting in lieu thereof "but as to mortgages coming within the provisions of subsection (d)(2) not to exceed forty years from the date of beginning of amortization of the mortgage in the case of a family displaced from an urban renewal area or as a result of governmental action or thirty-five years from such date in any other case;"

(11) inserting before the period at the end of subsection (d)(5) the following: "Provided, That a mortgage insured under the provisions of subsection (d)(3) shall bear interest (exclusive of any premium charges for insurance and service charge, if any) at not less than the annual rate of interest determined, from time to time by

the Secretary of the Treasury at the request of the Commissioner, by estimating the average market yield to maturity on all outstanding marketable obligations of the United States, and by adjusting such yield to the nearest one-eighth of 1 percentum, and there shall be no differentiation in the rate of interest charged under this proviso as between mortgagors under subsection (d)(3) on the basis of differences in the types or classes of such mortgagors";

(12) inserting the following at the end of subsection (f): "A property or project covered by a mortgage insured under the provisions of subsection (d)(3) or (d)(4) shall include five or more family units. The Commissioner is authorized to adopt such procedures and requirements as he determines are desirable to assure that the dwelling accommodations provided under this section are available to families displaced from urban renewal areas or as a result of governmental action. Notwithstanding any provision of this Act, the Commissioner, in order to assist further the provision of housing for low and moderate income families, in his discretion and under such conditions as he may prescribe, may insure a mortgage which meets the requirements of subsection (d)(3) of this section as in effect after the date of enactment of the Housing Act of 1961, with no premium charge, with a reduced premium charge, or with a premium charge for such period or periods during the time the insurance is in effect as the Commissioner may determine, and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to reimburse the Section 221 Housing Insurance Fund for any net losses in connection with such insurance; but in any case where the premium charge is waived or reduced (either as to amount or as to period payable) or where the interest rate as determined under the proviso in subsection (d)(5) is below the market rate for similar mortgages as determined by the Commissioner, initial occupancy of a project covered by such a mortgage shall be limited under regulations of the Commissioner to families and individuals whose incomes make it impossible for them to obtain decent, safe, and sanitary housing in the private market. No mortgage shall be insured under this section after July 1, 1963, except pursuant to a commitment to insure before that date, or except a mortgage covering property which the Commissioner finds will assist in the provision of housing for families displaced from urban renewal areas or as a result of governmental action.";

(13) redesignating paragraph (3) of subsection (g) as paragraph (4) and inserting after paragraph (2) of subsection (g) a new paragraph as follows:

"(3) as to mortgages meeting the requirements of this section which are insured or initially endorsed for insurance on or after the date of enactment of the Housing Act of 1961, notwithstanding the provisions of paragraphs (1) and (2) of this subsection, the Commissioner in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such paragraphs in cash or in debentures (as provided in the mortgage insurance contract), or may acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner and made previously by the mortgagee under the provisions of the mortgage, and after the acquisition of any such mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the

loan. The appropriate provisions of sections 204 and 207 relating to the issuance of debentures shall apply with respect to debentures issued under this paragraph, and the appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this paragraph, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages so acquired (A) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 221 Housing Insurance Fund, (B) all references in section 204 to section 203 shall be construed to refer to this section, and (C) all references in section 207 to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Section 221 Housing Insurance Fund; or";

(14) striking out in paragraph (4) of subsection (g) as redesignated by the preceding paragraph the phrase "this paragraph (3)", each place it appears, and inserting in lieu thereof "this paragraph"; and

(15) inserting in the last sentence of subsection (h) after "cash adjustments," the following: "cash payments,".

(b) Section 101(c) of the Housing Act of 1949 is amended by—

(1) striking out "under section 220 or 221" and inserting in lieu thereof "under section 220 or section 221(d) (3)";

(2) striking out "of section 220(d), or under section 221 of the National Housing Act, as amended, if the mortgaged property is in an area described in clause (3) of section 221(a) of said Act, or in a community referred to in clause (2) (B) of said section" and inserting in lieu thereof "of section 220(d) of the National Housing Act"; and

(3) striking out clause (iii) and renumbering clause (iv) as clause (iii).

(c) Section 305 of the National Housing Act is amended by adding at the end thereof a new subsection as follows:

"(h) Notwithstanding clause (2) of section 302(b) and any provision of this Act which is inconsistent with this subsection, the Association is authorized (subject to Presidential action as provided in subsection (a), as limited by subsection (c)) to purchase pursuant to commitments or otherwise, and to service, sell, or otherwise deal in, mortgages insured under the provisions of section 221(d) (3) of this Act."

(d) Section 223 of the National Housing Act is amended by redesignating subsection (b) as subsection (c), and by inserting after subsection (a) the following new subsection:

"(b) Notwithstanding any of the provisions of this title and without regard to limitations upon eligibility contained in section 221, the Commissioner may in his discretion insure under section 221(d) (3) any mortgage executed by a mortgagor of the character described therein where such mortgage is given to refinance a mortgage covering an existing property or project (other than a one- to four-family structure) located in an urban renewal area, if the Commissioner finds that such insurance will facilitate the occupancy of dwelling units in the property or project by families of low or moderate income or families displaced from an urban renewal area or displaced as a result of governmental action."

Home Improvement and Rehabilitation Loans

SEC. 102. (a) Section 220 of the National Housing Act is amended by—

(1) striking out the provisos in subsections (d) (3) (A) (i) and (d) (3) (B) (ii) and

inserting in lieu thereof in each subsection the following: "Provided, That in the case of properties other than new construction, the foregoing limitations upon the amount of the mortgage shall be based upon the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation rather than upon the Commissioner's estimate of the replacement cost";

(2) striking out "mortgage insurance" in subsection (a) and inserting in lieu thereof "loan and mortgage insurance"; and

(3) adding at the end thereof the following subsection:

"(h) (1) To assist further in the conservation, improvement, repair, and rehabilitation of property located in the area of an urban renewal project, as provided in paragraph (1) of subsection (d) of this section, the Commissioner is authorized upon such terms and conditions as he may prescribe to make commitments to insure and to insure home improvement loans (including advances during construction or improvement) made by financial institutions on and after the date of enactment of the Housing Act of 1961. As used in this subsection, 'home improvement loan' means a loan, advance of credit or purchase of an obligation representing a loan or advance of credit made for the purpose of financing the improvement of an existing structure (or in connection with an existing structure) used or to be used primarily for residential purposes; 'improvement' means conservation, repair, restoration, rehabilitation, conversion, alteration, enlargement, or remodeling; and 'financial institution' means a lender approved by the Commissioner as eligible for insurance under section 2 or a mortgagee approved under section 203(b) (1).

"(2) To be eligible for insurance under this subsection, a home improvement loan shall—

"(i) not exceed the Commissioner's estimate of the cost of improvement, or \$10,000 per family unit, whichever is the lesser;

"(ii) be limited to an amount which when added to any outstanding indebtedness related to the property (as determined by the Commissioner) creates a total outstanding indebtedness which does not exceed the limits provided in subsection (d) (3) for properties (of the same type) other than new construction;

"(iii) bear interest at not to exceed a rate prescribed by the Commissioner, but not in excess of 6 per centum per annum of the amount of the principal obligation outstanding at any time, and such other charges (including such service charges, appraisal, inspection, and other fees) as may be approved by the Commissioner;

"(iv) have a maturity satisfactory to the Commissioner, but not to exceed twenty years from the beginning of amortization of the loan or three-quarters of the remaining economic life of the structure, whichever is the lesser;

"(v) comply with such other terms, conditions, and restrictions as the Commissioner may prescribe; and

"(vi) represent the obligation of a borrower who is the owner of the property improved, or a lessee of the property under a lease for not less than 99 years which is renewable or under a lease having a period of not less than 50 years to run from the date of the loan.

"(3) Any home improvement loan insured under this subsection may be refinanced and extended in accordance with such terms and conditions as the Commissioner may prescribe, but in no event for an additional amount or term in excess of the maximum provided for in this subsection.

"(4) There is hereby created a separate Section 220 Home Improvement Account to be maintained under the Section 220 Hous-

ing Insurance Fund and to be used by the Commissioner as a revolving fund for carrying out the provisions of this subsection. The Commissioner is authorized to transfer to such fund the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. Any premium charges, and appraisal and other fees received on account of the insurance of any home improvement loan accepted for insurance under this subsection, and the receipts derived from the sale, collection, deposit, or compromise of any evidence of debt, contract, claim, property, or security assigned to or held by the Commissioner in connection with the payment of insurance under this subsection, shall be credited to the Section 220 Home Improvement Account. Insurance claims under this subsection and expenses incurred in the handling, management, renovation, and disposal of any properties acquired by the Commissioner under this subsection shall be charged to the Section 220 Home Improvement Account. General expenses of operation of the Federal Housing Administration and other expenses incurred under this subsection may be charged to the Section 220 Home Improvement Account. Moneys in the Account not needed for the current operation of the Federal Housing Administration under this subsection shall be deposited with the Treasurer of the United States to the credit of the Account, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. In order to protect the solvency of the Section 220 Home Improvement Account, adequate security shall be taken in connection with loans insured under this subsection in such manner as the Commissioner may require.

"(5) The Commissioner is authorized to fix a premium charge for the insurance of home improvement loans under this subsection but in the case of any such loan such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the loan outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the financial institution either in cash or in debentures (at par plus accrued interest) issued by the Commissioner as obligations of the Section 220 Home Improvement Account, in such manner as may be prescribed by the Commissioner, and the Commissioner may require the payment of one or more such premium charges at the time the loan is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the loan. If the Commissioner finds upon presentation of a loan for insurance and the tender of the initial premium charge or charges so required that the loan complies with the provisions of this subsection, such loan may be accepted for insurance by endorsement or otherwise as the Commissioner may prescribe. In the event the principal obligation of any loan accepted for insurance under this subsection is paid in full prior to the maturity date, the Commissioner is authorized to refund to the financial institution for the account of the borrower all, or such portions as he shall determine to be equitable, of the current unearned premium charges theretofore paid.

"(6) In cases of defaults on loans insured under this subsection, upon receiving notice of default, the Commissioner, in accordance with such regulations as he may prescribe, may acquire the loan and any security therefor upon payment to the financial institution in cash or in debentures (as provided in the loan insurance contract) of a total amount equal to the unpaid princi-

pal balance of the loan, plus any accrued interest, any advances approved by the Commissioner made previously by the financial institution under the provisions of the loan instruments, and reimbursement for such collection costs, court costs, and attorney fees as may be approved by the Commissioner.

"(7) Debentures issued under this subsection shall be executed in the name of the Section 220 Home Improvement Account as obligor, shall be signed by the Commissioner, by either his written or engraved signature, shall be negotiable, and shall be dated as of the date the loan is assigned to the Commissioner and shall bear interest from that date. They shall bear interest at a rate established by the Commissioner pursuant to section 224, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature ten years after their date of issuance. They shall be exempt from taxation as provided in section 207(1) with respect to debentures issued under that section. They shall be paid out of the Section 220 Home Improvement Account which shall be primarily liable therefor and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and the guaranty shall be expressed on the face of the debentures. In the event the Section 220 Home Improvement Account fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures. Debentures issued under this subsection shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury, and they may be in coupon or registered form. Any difference between the amount of the debentures to which the financial institution is entitled, and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Commissioner to the financial institute from the Section 220 Home Improvement Account.

"(8) The provisions of subsections (c), (d), and (h) of section 2 shall apply to home improvement loans insured under this subsection, and for the purposes of this subsection references in subsections (c), (d), and (h) of section 2 to 'this section' or 'this title' shall be construed to refer to this subsection.

"(9) (A) Notwithstanding any other provisions of this Act, no home improvement loan executed in connection with the improvement of a structure for use as rental accommodations for five or more families shall be insured under this subsection unless the borrower has agreed (1) to certify, upon completion of the improvement and prior to final endorsement of the loan, either that the actual cost of improvement equaled or exceeded the proceeds of the home improvement loan, or the amount by which the proceeds of the loan exceed the actual cost, as the case may be, and (ii) to pay forthwith to the financial institution, for application to the reduction of the principal of the loan, the amount, if any, certified to be in excess of the actual cost of improvement. Upon the Commissioner's approval of the borrower's certification as required under this paragraph, the certification shall be final and incontestable, except for fraud or material misrepresentation on the part of the borrower.

"(B) As used in subparagraph (A), the term 'actual cost' means the cost to the borrower of the improvement, including the amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organization and legal expenses, such allocations of general overhead items as are acceptable to the Commissioner, and other items of expense approved by the Commissioner, plus a reasonable allowance for builder's profit if the borrower is also the builder, as defined by the Commissioner, and excluding the amount of any kickbacks, rebates, or trade discounts received in connection with the improvement.

"(10) Notwithstanding any other provision of this Act, the Commissioner is authorized and empowered (i) to make expenditures and advances out of funds made available by this Act to preserve and protect his interest in any security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to, insured by, or acquired by the Commissioner or by the United States under this subsection, or section 2 or 203(k); and (ii) to bid for and to purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any loan or other indebtedness owing to or acquired by the Commissioner or by the United States under this subsection, or section 2 or 203(k). The authority conferred by this paragraph may be exercised as provided in the last sentence of section 204(g)."

(b) Section 203 of the National Housing Act is amended by—

(1) striking out in subsection (e) "of the mortgage" and inserting in lieu thereof "of the loan of mortgage";

(2) striking out in subsection (e) "approved mortgagee" each place it appears and inserting in lieu thereof "approved financial institution or approved mortgagee"; and

(3) adding at the end thereof the following subsection:

"(k) to supplement the mortgage insurance provisions of this section in order to assist the conservation, improvement, and alteration of housing, the Commissioner is authorized to make commitments to insure and to insure a home improvement loan (including advances during construction or improvement) under this subsection in accordance with the provisions of section 220(h), except that (1) the structures improved shall be designed for occupancy by not more than four families and shall not be required to be located in the area of an urban renewal project, (2) the Commissioner shall find that the project with respect to which the loan is executed is economically sound, (3) all funds received and all disbursements made shall be credited or charged, as appropriate, to a separate Section 203 Home Improvement Account to be maintained as hereinafter provided under the Mutual Mortgage Insurance Fund, and (4) insurance benefits shall be paid in debentures executed in the name of the Section 203 Home Improvement Account. For the purposes of this subsection, the Commissioner shall have all the authority provided in section 220(h). Debentures issued with respect to loans insured under this subsection shall be issued in accordance with sections 220(h)(6) and 220(h)(7), except that as applied to those loans references in section 220(h) to 'this subsection' shall be construed to refer to this section 203(k), references to the Section 220 Home Improvement Account shall be construed to refer to the Section 203 Home Improvement Account, and references to the Section 220 Housing Insurance Fund shall be construed to refer to the Mutual Mortgage Insurance Fund. All of the provisions in section 220(h)(4) relative to the Section 220 Home Improvement Account shall be equally applicable to the Section

203 Home Improvement Account. There is hereby created a separate Section 203 Home Improvement Account under the Mutual Mortgage Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this subsection, and the Commissioner is authorized to transfer to such Account the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. The provisions of section 205(c) shall not be applicable to loans insured under this subsection."

(c) Section 305 of the National Housing Act is amended by adding at the end thereof (after the new subsection added by section 101(c) of this Act) the following new subsection:

"(i) Notwithstanding any other provision of this Act, the Association is authorized (subject to Presidential action as provided in subsection (a), as limited by subsection (c)) to purchase pursuant to commitments or otherwise, and to service, sell, or otherwise deal in, any home improvement loans insured under section 220(h) of this Act."

Experimental Housing Mortgage Insurance

SEC. 103. Title II of National Housing Act is amended by adding at the end thereof the following section:

"Experimental housing

"SEC. 233. (a) In order to assist in lowering housing costs and improving housing standards, quality, livability, or durability or neighborhood design through the utilization of advanced housing technology, or experimental property standards, the Commissioner is authorized to insure and to make commitments to insure, under this section, mortgages (including, in the case of mortgages insured under subsection (b)(2) of this section, advances on such mortgages during construction) secured by properties including dwellings involving the utilization and testing of advanced technology in housing design, materials, or construction, or experimental property standards for neighborhood design if the Commissioner determines that (1) the property is an acceptable risk, giving consideration to the need for testing advanced housing technology or experimental property standards, (2) the utilization and testing of the advanced technology or experimental property standards involved will provide data or experience which the Commissioner deems to be significant in reducing housing costs or improving housing standards, quality, livability, or durability, or improving neighborhood design, and (3) the mortgages are eligible for insurance under the provisions of this section and under any further terms and conditions which may be prescribed by the Commissioner to establish the acceptability of the mortgages for insurance.

"(b) To be eligible for insurance under this section a mortgage shall—

"(1) meet the requirements of section 203(b), except that the maximum principal obligation of the mortgage as computed under clauses (i), (ii), and (iii) of section 203(b)(2) shall be determined on the basis of the Commissioner's estimate of the cost of replacing the property using comparable conventional design, materials, and construction rather than value, and the proviso in section 203(b)(8) shall not be applicable to mortgages insured under this section; or

"(2) meet the requirements of section 207(b) and section 207(c), except that the maximum principal obligation of the mortgage as computed under section 207(c)(2) shall be determined on the basis of the Commissioner's estimate of the cost of replacing the property using comparable conventional design, materials, and construction rather than value.

"(c) The Commissioner may enter into such contracts, agreements, and financial undertakings with the mortgagor and others

as he deems necessary or desirable to carry out the purposes of this section, and may expend available funds for such purposes, including the correction (when he determines it necessary to protect the occupants), at any time subsequent to insurance of a mortgage, of defects or failures in the dwellings which the Commissioner finds are caused by or related to the advanced housing technology utilized in their design or construction or experimental property standards.

"(d) The Commissioner may make such investigations and analyses of data, and publish and distribute such reports, as he determines to be necessary or desirable to assure the most beneficial use of the data and information to be acquired as a result of this section.

"(e) Any mortgagee under a mortgage insured under subsection (b)(1) of this section shall be entitled to the benefits of the insurance as provided in section 204(a) with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall apply to the mortgages insured under subsection (b)(1), except that as applied to those mortgages (1) all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Experimental Housing Insurance Fund, and (2) all references therein to section 203 shall be construed to refer to this section.

"(f) Any mortgagee under a mortgage insured under subsection (b)(2) of this section shall be entitled to the benefits of the insurance as provided in section 207(g) with respect to mortgages insured under section 207, and the provisions of subsections (d), (e), (h), (i), (j), (k), (l), (m), (n) and (p) of section 207 shall apply to the mortgages insured under subsection (b)(2) of this section, except that as applied to those mortgages (1) all references therein to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Experimental Housing Insurance Fund, and (2) all references therein to 'this section' shall be construed to refer to this section 233.

"(g) Notwithstanding the provisions of subsections (e) and (f) of this section, in the case of default of any mortgage insured under this section, the Commissioner in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such subsections in cash or in debentures (as provided in the mortgage insurance contract), or may acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner made previously by the mortgage under the provisions of the mortgage. After the acquisition of the mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the mortgage. The appropriate provisions of sections 204 and 207 relating to the issuance of debentures shall apply with respect to debentures issued under this subsection, and the appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this subsection, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages insured under this section (1) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer

to the Experimental Housing Insurance Fund, (2) all references in section 204 to section 203 shall be construed to refer to this section, and (3) all references in section 207 to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Experimental Housing Insurance Fund.

"(h) There is hereby created on Experimental Housing Insurance Fund to be used by the Commissioner as a revolving fund to carry out the provisions of this section, and the Commissioner is directed to transfer the sum of \$1,000,000 to the Fund from the War Housing Insurance Fund created by section 602 of this Act. General expenses of operation of the Federal Housing Administration and other expenses incurred under this section may be charged to the Experimental Housing Insurance Fund."

Individually Owned Units in Multifamily Structures

SEC. 104. Title II of the National Housing Act is amended by adding after section 233 (as added by section 103 of this Act) the following section:

"Mortgage Insurance for Individually Owned Units in Multifamily Structures

"SEC. 234. (a) The purpose of this section is to provide an additional means of increasing the supply of privately owned dwelling units where, under the laws of the State in which the property is located, real property title and ownership are established with respect to a one-family unit which is part of a multifamily structure.

"(b) The terms 'mortgage', 'mortgagee', 'mortgagor', 'maturity date', and 'State' shall have the meanings respectively set forth in section 201, except that the term 'mortgage' for the purposes of this section may include a first mortgage given to secure the unpaid purchase price of a fee interest in, or a long-term leasehold interest in, a one-family unit in a multifamily structure and an undivided interest in (or share in cooperative ownership of) the common areas and facilities which serve the structure where the mortgage is determined by the Commissioner to be eligible for insurance under this section. The term 'common areas and facilities' as used in this section shall be deemed to include the land and such commercial, community, and other facilities as are approved by the Commissioner.

"(c) The Commissioner is authorized, in his discretion and under such terms and conditions as he may prescribe (including the minimum number of family units in the structure which shall be offered for sale and provisions for the protection of the consumer and the public interest), to insure any mortgage covering a one-family unit in a multifamily structure and an undivided interest in (or share in cooperative ownership of) the common areas and facilities which serve the structure, if (1) the mortgage meets the requirements of this section and of section 203(b), except as that section is modified by this section; (2) the structure is or has been covered by a mortgage insured under another section (except section 213) of this Act, notwithstanding any requirements in any such section that the structure be constructed or rehabilitated for the purpose of providing rental housing; and (3) the mortgagor is acquiring a one-family unit for his own use and occupancy and not for speculative purposes. Any project proposed to be constructed or rehabilitated after the date of enactment of the Housing Act of 1961 with the assistance of mortgage insurance under this Act, where the sale of family units is to be assisted with mortgage insurance under this section, shall be subject to such requirements as the Commissioner may prescribe. To be eligible for insurance pursuant to this section a mortgage shall (A) involve a principal obligation in an amount not to exceed

the limits per room and per family dwelling unit provided by section 207(c)(3), and not to exceed the sum of (i) 97 per centum of \$13,500 of the amount which the Commissioner estimates will be the appraised value of the family unit including common areas and facilities as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of \$13,500 but not in excess of \$18,000, and (iii) 70 per centum of such value in excess of \$18,000, and (B) have a maturity satisfactory to the Commissioner but not to exceed, in any event, thirty years from the date of the beginning of amortization of the mortgage or three-fourths of the Commissioner's estimate of the remaining economic life of the structure, whichever is the lesser. In determining the amount of a mortgage in the case of a non-occupant mortgagor the reference to paragraph (2) of section 203(b) in section 203(b)(8) shall be construed to refer to the preceding sentence in this section. The mortgage shall contain such provisions as the Commissioner determines to be necessary for the maintenance of common areas and facilities and the multifamily structure. The mortgagor shall have exclusive right to the use of the one-family unit covered by the mortgage and, together with the owners of other units in the multifamily structure, shall have the right to the use of the common areas and facilities serving the structure and the obligation of maintaining all such common areas and facilities. The Commissioner may require that the rights and obligations of the mortgagor and the owners of other dwelling units in the structure shall be subject to such controls as he determines to be necessary and feasible to promote and protect individual owners, the multifamily structure, and its occupants. For the purposes of this section, the Commissioner is authorized in his discretion and under such terms and conditions as he may prescribe to permit one-family units and interests in common areas and facilities in multifamily structures covered by mortgages insured under any section of this Act (other than section 213) to be released from the liens of those mortgages.

"(d) Any mortgagee under a mortgage insured under this section is entitled to receive the benefits of the insurance as provided in section 204(a) of this Act with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall be applicable to the mortgages insured under this section, except that (1) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Apartment Unit Insurance Fund, (2) all references therein to section 203 shall be construed to refer to this section, and (3) the excess remaining, referred to in section 204(f)(1), shall be retained by the Commissioner and credited to the Apartment Unit Insurance Fund.

"(e) There is hereby created the Apartment Unit Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section. The Commissioner is authorized to transfer to the Fund the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Apartment Unit Insurance Fund. The provisions of the second and third paragraphs of section 220(g) shall be applicable to the Apartment Unit Insurance Fund and to this section, all references therein to the Section 220 Housing Insurance Fund or the Fund shall be construed to refer to the Apartment Unit Insurance Fund, and all references therein to 'this section' shall be construed to refer to this section 234.

"(f) The provisions of section 225, 229, and 230 shall be applicable to the mortgages insured under this section."

TITLE II—HOUSING FOR ELDERLY PERSONS AND LOW INCOME FAMILIES

Housing for the Elderly

Direct loans

SEC. 201. (a) Section 202 of the Housing Act of 1959 is amended by—

(1) inserting in subsection (a)(1) after the words "private nonprofit corporations" the following: "or consumer cooperatives";

(2) striking out in subsection (a)(2) the words "for the provision of rental housing" and inserting in lieu thereof the following: "or to any consumer cooperative for the provision of rental or cooperative housing";

(3) striking out in subsection (a)(2) "unless the corporation" and inserting in lieu thereof "unless the applicant";

(4) striking out in subsection (a)(3) "A loan to a corporation under this section" and inserting in lieu thereof "A loan under this section"; and

(5) striking out in subsection (c)(3) "corporation undertaking" and inserting in lieu thereof "corporation or consumer cooperative undertaking".

(b) Section 202(a)(3) of such Act is amended by striking out "98 per centum of".

(c) Section 202(a)(4) of such Act is amended by striking out "\$50,000,000" and inserting in lieu thereof "\$150,000,000", and by striking out the second sentence.

(d) Section 202(d)(4) of such Act is amended by striking out "sixty-two years of age or over" each place it appears and inserting in lieu thereof "sixty years of age or over".

(e) Section 202 of such Act is further amended by adding at the end thereof the following new subsection:

"(e) Nothing in this section or in regulations promulgated under this section shall prevent a corporation or consumer cooperative from obtaining a loan under this section for the provision of housing and related facilities for elderly families and elderly persons, notwithstanding the fact that such corporation or cooperative has theretofore obtained a commitment from the Federal Housing Administration for mortgage insurance under section 231 of the National Housing Act with respect to the housing involved, if (1) such corporation or cooperative is otherwise eligible for such loan under this section, (2) such commitment was obtained prior to the date of enactment of the Housing Act of 1961, and (3) the Administrator determines that the financing of such housing through a loan under this section rather than through mortgage insurance under such section 231 is necessary or desirable in order to avoid hardship for the elderly families and elderly persons who are the prospective tenants of such housing."

Low-rent Public Housing

Eligibility requirement for disabled persons

SEC. 202. Section 2 of the United States Housing Act of 1937 is amended by striking out the words "has attained the age of fifty and" in the second and third sentences of paragraph (2).

Additional subsidy for elderly tenants

SEC. 203. Section 10(a) of the United States Housing Act of 1937 is amended by inserting the following proviso before the period at the end of the third sentence thereof: "Provided, That the Authority may, in addition to the payments guaranteed under the contract, pay not to exceed \$120 per annum per dwelling unit occupied by an elderly family on the last day of the project fiscal year where such amount, in the determination of the Authority, was necessary to enable the public housing agency to lease the dwelling unit to the elderly family at a

rental it could afford and to operate the project on a solvent basis".

Dwelling unit authorization

SEC. 204. (a) Section 10(e) of the United States Housing Act of 1937 is amended by striking out the first three sentences and inserting in lieu thereof the following: "The Authority is authorized to enter into contracts for annual contributions aggregating not more than \$336,000,000 per annum, but any such contracts for additional units for any one State shall not, after the date of enactment of the Housing Act of 1961, be entered into for more than 15 per centum of the aggregate amount not already guaranteed under contracts for annual contributions on such date: *Provided*, That no such new contract for additional units shall be entered into after the date of enactment of the Housing Act of 1961 except with respect to low-rent housing for a locality respecting which the Administrator has made the determination and certification relating to a workable program as prescribed in section 101(c) of the Housing Act of 1949, and the Authority shall enter into only such new contracts for preliminary loans as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into."

(b) Section 10(i) of such Act is repealed; and section 15(10) of such Act is redesignated as section 10(i) and transferred (as so redesignated) to the place heretofore occupied by the section so repealed.

(c) Section 21(d) of such Act is repealed. Extension of waiver in case of veterans and servicemen

SEC. 205. The proviso in section 15(8) (b) of the United States Housing Act of 1937 is amended by striking out "October 1, 1961" and inserting in lieu thereof "October 1, 1965".

Miscellaneous public housing amendments

SEC. 206. (a) Section 15 of the United States Housing Act of 1937 is amended by—

(1) inserting in paragraph (5) after the second parenthetical clause the following: "on which the computation of any annual contributions under this Act may be based";

(2) striking out "\$2,500" in paragraph (5) and inserting in lieu thereof "\$3,000";

(3) striking out paragraph (6), redesignating paragraph (9) as paragraph (6), and transferring paragraph (9), as so redesignated, to the place heretofore occupied by the paragraph so stricken out; and

(4) striking out "or 5 per centum in the case of any family entitled to a first preference as provided in section 10(g)" in paragraph (7)(b) and inserting in lieu thereof "except in the case of a family displaced by urban renewal or other governmental action or an elderly family".

(b) Section 10(h) of such Act is amended by inserting the following after the word "project" the third time it appears therein: "(exclusive of any portion thereof which is not assisted by annual contributions under this Act)".

(c) Section 10(j) of such Act is repealed.

TITLE III—URBAN RENEWAL AND PLANNING

Increased Federal Aid for Small Communities; Pooling Grants-in-Aid Between Projects

SEC. 301. (a) Section 103(a) of the Housing Act of 1949 is amended by inserting "(1)" after "(a)", by striking out the last two sentences, and by inserting at the end thereof the following:

"(2) The aggregate of such capital grants with respect to all of the projects of a local public agency (or of two or more local public agencies in the same municipality) on which contracts for capital grants have been made under this title shall not exceed the total of—

"(A) two-thirds of the aggregate net project costs of all such projects to which neither subparagraph (B) nor subparagraph (C) applies, and

"(B) three-fourths of the aggregate net project costs of any such projects which are located in a municipality having a population of fifty thousand or less (one hundred fifty thousand or less in the case of a municipality situated in an area which, at the time the contract or contracts involved are entered into or at such earlier time as the Administrator may specify in order to avoid hardship, is designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act) according to the most recent decennial census, and

"(C) three-fourths of the aggregate net project costs of any of such projects (not falling within subparagraph (B)) which the Administrator, upon request, may approve on a three-fourths capital grant basis.

"(3) A capital grant with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project."

(b) Section 104 of such Act is amended by striking out the second sentence and inserting in lieu thereof the following: "Such local grants-in-aid, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency (or two or more local public agencies in the same municipality) on which contracts for capital grants have theretofore been made, shall be at least equal to the total of one-third of the aggregate net project costs of such projects undertaken on a two-thirds capital grant basis and one-fourth of the aggregate net project costs of such projects undertaken on a three-fourths capital grant basis."

(c) The third and fourth sentences of section 110(e) of such Act are each amended by striking out "pursuant to the proviso in the second sentence of section 103(a)" and inserting in lieu thereof "pursuant to section 103(a)(2)(C)".

Capital Grant Authorization

SEC. 302. Section 103(b) of the Housing Act of 1949 is amended by striking out the first sentence and inserting in lieu thereof the following: "The Administrator may, with the approval of the President, contract to make grants under this title aggregating not to exceed \$4,000,000,000."

Relocation Payments

SEC. 303. Section 106(f)(2) of the Housing Act of 1949 is amended—

(1) by inserting after "\$3,000" the following: "(or, if greater, the total certified actual moving expenses)"; and

(2) by inserting "and actual direct losses of property" before the period at the end of the last sentence.

Financial Assistance for Displaced Business Concerns

SEC. 304. Section 7(b) of the Small Business Act is amended—

(1) by striking out "and" at the end of paragraph (1);

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; and"; and

(3) by adding after paragraph (2) a new paragraph as follows:

"(3) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to any small-business concern if the Administration determines that such concern has suffered substantial economic injury (for which reimbursement or compensation is not otherwise

made, exclusive of relocation payments; if any, under section 106(f) of the Housing Act of 1949) as a result of its displacement by an urban renewal project included in an urban renewal area respecting which a contract for capital grant has been executed under such Act."

Resale of Property in Urban Renewal Areas for Housing for Moderate Income Families

SEC. 305. (a) Section 107 of the Housing Act of 1949 is amended by—

(1) changing the title thereof to read "PROPERTY TO BE USED FOR PUBLIC HOUSING OR HOUSING FOR MODERATE INCOME FAMILIES";

(2) inserting "(a)" before the first sentence and striking out the words "to be" in such sentence;

(3) striking out "is incorporated" and inserting in lieu thereof "was incorporated on or after September 23, 1959."; and

(4) adding at the end thereof the following new subsection:

"(b) Upon approval of the Administrator and subject to such conditions as he may determine to be in the public interest, any real property held as part of an urban renewal project may be made available to (1) a limited dividend corporation, nonprofit corporation or association, cooperative, or public body or agency, or (2) a purchaser who would be eligible for a mortgage insured under section 221(d)(4) of the National Housing Act, for purchase at fair value for use by such purchaser in the provision of new or rehabilitated rental or cooperative housing for occupancy by families of moderate income."

(b) Clause (4) of the second sentence of section 110(c) of the Housing Act of 1949 is amended by inserting before the semicolon at the end thereof the following: "or as provided in section 107".

Rehabilitation

SEC. 306. (a) The second sentence of section 110(c) of the Housing Act of 1949 is amended by—

(1) striking out "and" at the end of paragraph (5);

(2) striking out the period at the end of paragraph (6) and inserting in lieu thereof "; and "; and

(3) adding after paragraph (6) a new paragraph as follows:

"(7) acquisition and repair or rehabilitation for guidance purposes, and resale by the local public agency, of structures which are located in the urban renewal area and which, under the urban renewal plan, are to be repaired or rehabilitated for dwelling use or related facilities: *Provided*, That the local public agency shall not acquire for such purposes, in any urban renewal area, structures which contain or will contain more than (A) one hundred dwelling units, or (B) 5 per centum of the total number of dwelling units in such area which, under the urban renewal plan, are to be repaired or rehabilitated, whichever is the lesser."

(b) The third sentence of section 110(c) of such Act is amended by inserting after "include" the following: "(except as provided in paragraph (7) above)".

Increase in Nonresidential Exception

SEC. 307. The fifth sentence of section 110(c) of the Housing Act of 1949 is amended by—

(1) striking out "Housing Act of 1959" and inserting in lieu thereof "Housing Act of 1961"; and

(2) striking out "20 per centum" and inserting in lieu thereof "30 per centum".

Eligibility of Certain Local Grants-in-Aid

SEC. 308. Section 110(d) of the Housing Act of 1949 is amended by adding at the end thereof the following new paragraph:

"Notwithstanding the provisions of section 312 of the Housing Act of 1954 or any request previously made by any local public

agency pursuant to such section, upon request of the local public agency the eligibility of the local grants-in-aid for any project of such local public agency in connection with which the final capital grant payment has not been made shall be determined in accordance with the provisions of this subsection (and, if applicable, section 112)."

Urban Renewal Areas Involving Colleges, Universities, or Hospitals

SEC. 309. Section 112 of the Housing Act of 1949 is amended to read as follows:

"Urban Renewal Areas Involving Colleges, Universities, or Hospitals

"SEC. 112. (a) In any case where an educational institution or a hospital is located in or near an urban renewal project area and the governing body of the locality determines that, in addition to the elimination of slums and blight from such area, the undertaking of an urban renewal project in such area will further promote the public welfare and the proper development of the community (1) by making land in such area available for disposition, for uses in accordance with the urban renewal plan, to such educational institution or hospital for redevelopment in accordance with the use or uses specified in the urban renewal plan, (2) by providing, through the redevelopment of the area in accordance with the urban renewal plan, a cohesive neighborhood environment compatible with the functions and needs of such educational institution or hospital, or (3) by any combination of the foregoing, the Administrator is authorized to extend financial assistance under this title for an urban renewal project in such area without regard to the requirements in section 110 hereof with respect to the predominantly residential character or predominantly residential reuse of urban renewal areas. The aggregate expenditures made by any such institution or hospital (directly or through a private redevelopment corporation or municipal or other public corporation) for the acquisition within, adjacent to, or in the immediate vicinity of the project area, of land, buildings, and structures to be redeveloped or rehabilitated by such institution for educational uses or by such hospital for hospital uses, in accordance with the urban renewal plan (or with a development plan proposed by such institution, hospital, or corporation, found acceptable by the Administrator after considering the standards specified in section 110(b), and approved under State or local law after public hearing) and for the demolition of such buildings and structures if, pursuant to such urban renewal or development plan, the land is to be cleared and redeveloped, and for the relocation of occupants from buildings and structures to be demolished or rehabilitated, as certified by such institution or hospital to the local public agency and approved by the Administrator, shall be a local grant-in-aid in connection with such urban renewal project: *Provided*, That no such expenditure shall be eligible as a local grant-in-aid in any case where the property involved is acquired by such educational institution or hospital from a local public agency which, in connection with its acquisition or disposition of such property, has received, or contracted to receive, a capital grant pursuant to this title.

"(b) No expenditure made by any educational institution or hospital, as provided in subsection (a), shall be deemed ineligible as a local grant-in-aid in connection with any urban renewal project if made not more than seven years prior to the authorization by the Administrator of a contract for a loan or capital grant for such project.

"(c) The aggregate expenditures made by any public authority, established by any State, for acquisition, demolition, and relocation in connection with land, buildings, and structures acquired by such public au-

thority and leased to an educational institution for educational uses or to a hospital for hospital uses shall be deemed a local grant-in-aid to the same extent as if such expenditures had been made directly by such educational institution or hospital.

"(d) As used in this section—

"(1) the term 'educational institution' means any educational institution of higher learning, including any public educational institution or any private educational institution, no part of the net earnings of which inures to the benefit of any private shareholder or individual; and

"(2) the term 'hospital' means any hospital licensed by the State in which such hospital is located, including any public hospital or any nonprofit hospital, no part of the net earnings of which inures to the benefit of any private shareholder or individual."

Urban Planning Assistance

SEC. 310. Section 701 of the Housing Act of 1954 is amended by—

(1) striking out "50 per centum" in the first sentence of subsection (b) and inserting in lieu thereof "two-thirds";

(2) striking out "\$20,000,000" in the last sentence of subsection (b) and inserting in lieu thereof "\$50,000,000";

(3) inserting after "public facilities" in clause (1) of subsection (d) ", including transportation facilities"; and

(4) adding at the end thereof the following new subsection:

"(f) The consent of the Congress is hereby given to any two or more States to enter into agreements or compacts, not in conflict with any law of the United States, for cooperative efforts and mutual assistance in the comprehensive planning for the physical growth and development of interstate metropolitan or other urban areas, and to establish such agencies, joint or otherwise, as they may deem desirable for making effective such agreements and compacts."

Historical Site in Urban Renewal Area

SEC. 311. (a) Notwithstanding section 110(c)(4) of the Housing Act of 1949, as amended, or any other provision of law, the urban renewal project in Knoxville, Tennessee, known as the Riverfront-Willow Street redevelopment project, may include the donation by the Knoxville Housing Authority to the James White's Fort Association, by a suitable instrument of conveyance, of all right, title, and interest of the authority in and to the following described tract of land, constituting a portion of tract T-2 of the said project and containing 0.985 acres more or less:

Beginning at an iron pin located at the intersection of the east property line of Collins Alley and the south property line of Rouser Alley; thence in a northerly direction, north 32 degrees 35 minutes west, 111.0 feet to an iron pin located in the east property line of Collins Alley; thence in a westerly direction, south 55 degrees 20 minutes west, 207.0 feet to an iron pin; thence in a southwesterly direction, south 35 degrees 05 minutes west, 80 feet to an iron pin; thence in a southerly direction south 27 degrees 25 minutes east, 193.40 feet to an iron pin located in the north property line of Hill Avenue; thence in an easterly direction, north 67 degrees 43 minutes east, 33.54 feet to an iron pin; thence in an easterly direction, north 60 degrees 02 minutes east, 31.64 feet to an iron pin; thence in an easterly direction, north 58 degrees 30 minutes 30 seconds east, 53 feet to an iron pin located in the north property line of Hill Avenue; thence in a northerly direction, north 30 degrees 22 minutes 30 seconds west, 134.03 feet to an iron pin; thence in an easterly direction, north 59 degrees 21 minutes 30 seconds east, 175.61 feet to the point of beginning.

(b) The conveyance authorized to be included in the Riverfront-Willow Street redevelopment project under subsection (a) of this section shall be made only if the James White's Fort Association represents, and furnishes such assurances as may be required by the Knoxville Housing Authority, that such association (1) will undertake the reconstruction on the site conveyed of General James White's cabin and fort, and (2) will develop, preserve, and operate such property on a nonprofit basis as a historical site or monument.

Credit for Cost of School Construction

Sec. 312. No public facility, the provision of which is otherwise eligible as a local grant-in-aid for any urban renewal project receiving assistance under title I of the Housing Act of 1949 in the city of Roanoke, Virginia, and the construction of which was commenced prior to January 1, 1961, shall be deemed to be ineligible as a local grant-in-aid because of any change in the urban renewal plan for such project which is determined by the Housing and Home Finance Administrator to have resulted from the proposed location within the urban renewal area in which such project was undertaken of a federally aided highway. For the purpose of computing the portion of the cost of any such facility which may be allowed as a local grant-in-aid, the degree of benefit of the facility to such urban renewal area shall be based on the latest estimate of benefit submitted by the local public agency and accepted by the Administrator prior to such change in the urban renewal plan.

Technical Amendments

Sec. 313. (a) Section 101(c) of the Housing Act of 1949 is amended by inserting in clause (1) after "workable program" the words "for community improvement".

(b) Section 102(a) of such Act is amended by inserting in the second proviso after "demolition and removal" the first place it appears the following: ", together with administrative, relocation, and other related costs and payment,".

(c) Clause (4) of the second sentence of section 110 (c) of such Act is amended by striking out "initial".

Parks and Recreational Facilities

Sec. 314. Section 105(a) of the Housing Act of 1949 is amended by striking out "and" preceding clause (iii), and by adding at the end thereof the following: "and (iv) the urban renewal plan gives due consideration to the provision of adequate park and recreational areas and facilities, as may be desirable for neighborhood improvement, with special consideration for the health, safety, and welfare of children residing in the general vicinity of the site covered by the plan;".

TITLE IV—COLLEGE HOUSING

Loan Authorization

Sec. 401. Section 401(d) of the Housing Act of 1950 is amended by striking out the first colon and all that follows and inserting in lieu thereof the following: ", which amount shall be increased by \$300,000,000 on July 1 in each of the years 1961 through 1964: *Provided*, That the amount outstanding for other educational facilities, as defined herein, shall not exceed \$175,000,000, which limit shall be increased by \$30,000,000 on July 1 in each of the years 1961 through 1964: *Provided further*, That the amount outstanding for hospitals, referred to in clause (2) of section 404(b) of this title, shall not exceed \$100,000,000, which limit shall be increased by \$30,000,000 on July 1 in each of the years 1961 through 1964."

Apportionment by States

Sec. 402. Section 403 of the Housing Act of 1950 is amended by striking out "10 per centum" and inserting in lieu thereof "12½ per centum".

HOUSING PROVIDED BY NONPROFIT CORPORATIONS

Sec. 403. (a) Clause (3) of section 404(b) of the Housing Act of 1950 is amended—

(1) by striking out "established by any institution included in clause (1) of this subsection for the sole purpose" and inserting in lieu thereof "established for the sole purpose"; and

(2) by striking out "such institution" where it first appears and inserting in lieu thereof "one or more institutions included in clause (1) of this subsection".

(b) Clause (3) of section 404(b) of such Act is further amended by striking out "will pass to such institution" and inserting in lieu thereof "will pass to such institution (or to any one or more of such institutions) unless it is shown to the satisfaction of the Administrator that such property or the proceeds from its sale will be used for some other nonprofit educational purpose".

(c) Section 404(b) of such Act is further amended by adding at the end thereof the following new sentence: "In the case of any loan made under section 401 to a corporation described in clause (3) of this subsection which was not established by the institution or institutions for whose students or students and faculty it would provide housing, the Administrator shall require that the note securing such loan be co-signed by such institution (or by any one or more of such institutions)."

TITLE V—COMMUNITY FACILITIES

Public Facility Loans

Sec. 501. (a) (1) The first paragraph of section 201 of the Housing Amendments of 1955 is amended by striking out "the States and their political subdivisions" and inserting in lieu thereof "municipalities and other political subdivisions of States".

(2) The third paragraph of section 201 of such Amendments is amended by striking out "States, municipalities, or" and inserting in lieu thereof "municipalities and".

(3) The first sentence of section 202(a) of such Amendment is amended to read as follows: "The Housing and Home Finance Administrator, acting through the Community Facilities Administration, is authorized to purchase the securities and obligations of, or make loans to, municipalities and other political subdivisions of States (including public agencies and instrumentalities of one or more municipalities or other political subdivisions in the same State), to finance specific projects for public works or facilities under State, municipal, or other applicable law."

(b) Section 202(b)(2) of such Amendments is amended by adding at the end thereof the following new sentence: "Subject to such maximum maturity, the Administrator in his discretion may provide for the postponement of the payment of interest on not more than 50 per centum of any financial assistance extended to an applicant under this section for a period up to ten years where (A) such assistance does not exceed 50 per centum of the development cost of the project involved, and (B) it is determined by the Administrator that such applicant will experience above-average population growth and the project would contribute to orderly community development, economy, and efficiency; and any amounts so postponed shall be payable with interest in annual installments during the remaining maturity of such assistance."

(c) (1) Section 202(b) of such Amendments is further amended by adding at the end thereof the following new paragraph:

"(3) Financial assistance extended under this section shall bear interest at a rate determined by the Administrator which shall be not more than the higher of (A) 2¾ per centum per annum, or (B) the total of one-quarter of 1 per centum per annum added to the rate of interest paid by the Admin-

istrator on funds obtained from the Secretary of the Treasury as provided in section 203(a)."

(2) The third sentence of section 203(a) of such Amendments is amended to read as follows: "Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) 2½ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance by the Administrator and adjusted to the nearest one-eighth of 1 per centum."

(d) Section 202(b) of such Amendments is further amended by adding at the end thereof (after the paragraph added by subsection (c)(1) of this section) the following new paragraph:

"(4) No financial assistance shall be extended under this section to any municipality or other political subdivision having a population of fifty thousand or more (one hundred fifty thousand or more in the case of a community situated in an area designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act) according to the most recent decennial census, or to any public agency or instrumentality of one or more municipalities or other political subdivisions having a population (or an aggregate population) equal to or exceeding that figure according to such census."

(c) Section 302(b) of such Amendments is further amended by adding at the end thereof (after the paragraph added by subsection (d) of this section) the following new paragraph:

"(5) Financial assistance extended under this section to any applicant with respect to any one project shall not exceed \$10,000,000 outstanding at any one time."

(f) Section 202 of such Amendments is further amended by adding at the end thereof the following new subsection:

"(d) The types of public works and facilities for which financial assistance under this section may be extended on and after the date of enactment of the Housing Act of 1961 shall be the same as those for which such assistance could be extended in accordance with regulations of the Administrator immediately prior to such date."

(g) Section 203(a) of such Amendments is amended by striking out "\$150,000,000" and inserting in lieu thereof "650,000,000".

(h) Title II of such Amendments is further amended by adding at the end thereof the following new section:

"Sec. 207. The Administrator is authorized to establish technical advisory services to assist municipalities and other political subdivisions in the budgeting, financing, planning, and construction of community facilities. There are hereby authorized to be appropriated such sums as may be necessary, together with any fees that may be charged, to cover the cost of such services."

Advances for Public Works Planning

Sec. 502. Section 702 of the Housing Act of 1954 is amended by—

(1) striking out in subsection (a) "10" and inserting in lieu thereof "12½";

(2) striking out the first sentence of subsection (b) and inserting in lieu thereof the following: "No advance shall be made hereunder with respect to any individual project, including a regional or metropolitan or other area-wide project, unless (1) it is planned to be constructed within or over a reasonable period of time considering the nature of the project, (2) it conforms to an overall State, local, or regional plan approved by a competent State, local, or regional authority, and (3) the public agency formally contracts with the Federal Government to complete

the plan preparation promptly and to repay such advance or part thereof when due.”;

(3) inserting after “1958;” in subsection (e) the following: “\$10,000,000 which may be made available to such fund on or after July 1, 1961;” and

(4) striking out in subsection (e) “\$48,000,000” and inserting in lieu thereof “\$58,000,000”.

TITLE VI—AMENDMENTS TO THE NATIONAL HOUSING ACT

Federal National Mortgage Association Special assistance authorization

SEC. 601. (a) Section 305(c) of the National Housing Act is amended to read as follows:

“(c) The total amount of purchases and commitments authorized by the President pursuant to subsection (a) of this section shall not exceed \$1,700,000,000 outstanding at any one time.”

(b) Section 305(g) of such Act is amended by adding before the period at the end thereof the following: “: *Provided further*, That the authority of the Association to make purchases and commitments under this subsection shall terminate on the date of enactment of the Housing Act of 1961, and any portion of the total amount of such authority as specified in the first proviso in this subsection which on such date would otherwise be available for making such purchases and commitments shall be transferred to and merged with the authority granted by subsection (a) and added to the amount of such authority as specified in subsection (c).”

(c) Section 306 of such Act is amended by adding at the end thereof the following new subsection:

“(f) Notwithstanding any of the provisions of this Act or of any other law, an amount equal to the net decrease for the preceding fiscal year in the aggregate principal amount of all mortgages owned by the Association under this section shall, as of July 1 of each of the years 1961 through 1964, be transferred to and merged with the authority provided under section 305(a), and the amount of such authority as specified in section 305(c) shall be increased by any amounts so transferred.”

Limitation on mortgage amount

SEC. 602. (a) Section 302(b) of the National Housing Act is amended by striking out “or 803” and inserting in lieu thereof “or title VIII”.

(b) Section 302(b) of such Act is further amended by inserting before “or a mortgage covering property” the following: “or insured under section 213 and covering property located in an urban renewal area.”.

Federal National Mortgage Association lending authority

SEC. 603. (a) Section 302(b) of the National Housing Act is amended by striking out “to make commitments” and all that follows down through the first colon and inserting in lieu thereof the following: “, pursuant to commitments or otherwise, to purchase, lend (under section 304) on the security of, service, sell, or otherwise deal in any mortgages which are insured under the National Housing Act, or which are insured or guaranteed under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code:”.

(b) The first sentence of section 303(b) of such Act is amended by inserting immediately before the period at the end thereof the following: “; and by requiring each borrower to make such payments, equal to not more than one-half of 1 per centum of the amount lent by the Association to such borrower under section 304”.

(c) Section 303(c) of such Act is amended by striking out the first sentence and by inserting in lieu thereof the following: “The Association shall issue from time to

time, to each mortgage seller or borrower, its common stock (only in denominations of \$100 or multiples thereof) evidencing any capital contributions (adjusted by reason of any payments into surplus required by the Association) made by such seller or borrower pursuant to subsection (b) of this section.”

(d) Section 304(a) of such Act is amended by inserting “(1)” before “To carry out”, and by adding at the end thereof the following new paragraph:

“(2) In the further interest of assuring sound operation, any loan made by the Association in its secondary market operations under this section, and any extension or renewal thereof, shall not exceed 80 per centum of the unpaid principal balances of the mortgages securing the loan, and shall bear interest at a rate consistent with general loan policies established from time to time by the Association's board of directors. Any such loan shall mature in not more than twelve months and the term of any extension or renewal shall not exceed twelve months. The volume of the Association's lending activities and the establishment of its loan ratios, interest rates, maturities, and charges or fees, in its secondary market operations under this section, should be determined by the Association from time to time; and such determinations, in conjunction with determinations made under paragraph (1), should be consistent with the objectives that the lending activities should be conducted on such terms as will reasonably prevent excessive use of the Association's facilities, and that the operations of the Association under this section should be within its income derived from such operations and that such operations should be fully self-supporting. Notwithstanding any Federal, State, or other law to the contrary, the Association is hereby empowered, in connection with any loan under this section, whether before or after any default, to provide by contract with the borrower for the settlement or extinguishment, upon default, of any redemption, equitable, legal, or other right, title, or interest of the borrower in any mortgage or mortgages that constitute the security for the loan; and with respect to any such loan, in the event of default and pursuant otherwise to the terms of the contract, the mortgages that constitute such security shall become the absolute property of the Association.”

(e) Section 304(b), section 309(c) and section 310 of such Act are each amended by inserting “or other security holdings” after “mortgages”.

FHA Insurance Programs

Limitations on insurance authorizations

SEC. 604. (a) Section 2(a) of the National Housing Act is amended by striking out in the first sentence “1961” and inserting in lieu thereof “1965”.

(b) Section 203(a) of such Act is amended by striking out the colon and all that follows the colon and inserting in lieu thereof a period.

(c) Section 217 of such Act is amended—

(1) by striking out “all mortgages which may be insured” and inserting in lieu thereof “all mortgages and loans which may be insured”;

(2) by striking out “shall not exceed” and the remainder of the first paragraph and inserting in lieu thereof the following: “after October 1, 1965, shall not exceed the sum of (1) the outstanding principal balances as of that date of all insured mortgages and loans (as estimated by the Commissioner based on scheduled amortization payments without taking into consideration prepayments or delinquencies), and (2) the principal amount of all outstanding commitments to insure on that date.”;

(3) by inserting “after October 1, 1965” before the period at the end of the first sentence in the third paragraph; and

(4) by striking out “hereafter” in the second sentence of the third paragraph and inserting in lieu thereof “after that date”.

(d) Section 803(a) of the National Housing Act, as amended, is amended by striking out the last proviso and inserting in lieu thereof the following: “And provided further, That no more mortgages shall be insured under this title after October 1, 1962, except pursuant to a commitment to insure before such date, and not more than twenty-eight thousand family units shall be contracted for after June 30, 1959, pursuant to any mortgage insured under section 803 of this title after such date.”

Section 203 residential housing insurance

SEC. 605. (a) Section 203(b)(2) of such Act is amended—

(1) by striking out “\$13,500” each place it appears and inserting in lieu thereof “\$15,000”;

(2) by striking out “\$18,000” each place it appears and inserting in lieu thereof “\$20,000”; and

(3) by striking out “70 per centum” and inserting in lieu thereof “75 per centum”.

(b) Section 203(b)(2) of such Act is amended by striking out all that precedes “or \$35,000” and inserting in lieu thereof the following:

“(2). Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$27,500 in the case of property upon which there is located a dwelling designed principally for a one-, two-, or three-family residence (whether or not such residence may be intended to be rented temporarily for school purposes);”.

(c) Section 203(b)(3) of such Act is amended by striking out “thirty years” and inserting in lieu thereof “forty years”.

Authority to reduce premium charges

SEC. 606. The first sentence of section 203 (c) of the National Housing Act is amended to read as follows: “The Commissioner is authorized to fix premium charges for the insurance of mortgages under the separate sections of this title but in the case of any mortgage such charge shall be not less than an amount equivalent to one-fourth of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments: *Provided*, That any reduced premium charge so fixed and computed may, in the discretion of the Commissioner, also be made applicable in such manner as the Commissioner shall prescribe to each insured mortgage outstanding under the section or sections involved at the time the reduced premium charge is fixed.”

Section 207 rental housing insurance

SEC. 607. Section 207 of the National Housing Act is amended by—

(1) striking out the first paragraph of subsection (b)(2) and inserting in lieu thereof the following:

“(2) any other mortgagor approved by the Commissioner which, until the termination of all obligations of the Commissioner under the insurance and during such further period of time as the Commissioner shall be the owner, holder, or reinsurer of the mortgage, is regulated or restricted by the Commissioner as to rents or sales, charges, capital structure, rate of return, and methods of operation to such extent and in such manner as to provide reasonable rentals to tenants and a reasonable return on the investment. The Commissioner may make such contracts with and acquire, for not to exceed \$100, such stock or interest in the mortgagor as he may deem necessary to render effective the regulations or restrictions. The stock or interest acquired by the Commissioner shall be paid for out of

the Housing Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.”;

(2) inserting in subsection (c)(3) after the words “attributable to dwelling use” the following: “(excluding exterior land improvements as defined by the Commissioner)”;

(3) striking out “\$1,500 per space” in subsection (c)(3) and inserting in lieu thereof “\$1,800 per space”; and

(4) inserting in the first sentence of subsection (i) after the words “of this section” the following: “, except that debentures issued pursuant to the provisions of section 220(f), 221(g), and section 233 may be dated as of the date the mortgage is assigned (or the property is conveyed) to the Commissioner”.

Section 213 cooperative housing insurance

SEC. 608. (a) Section 213 of the National Housing Act is amended by—

(1) inserting in paragraph (2) of subsection (b) after the words “as may be attributable to dwelling use” the following: “(excluding exterior land improvements as defined by the Commissioner)”;

(2) striking out “eight or more family units” in subsection (d) and inserting in lieu thereof “five or more family units”; and

(3) striking out in subsection (h) “such mortgagor shall not thereafter be eligible by reason of such paragraph (3) for insurance of any additional mortgage loans pursuant to this section” and inserting in lieu thereof the following: “the Commissioner is authorized to refuse, for such period of time as he shall deem appropriate under the circumstances, to insure under this section any additional investor-sponsor type mortgage loans made to such mortgagor or to any other investor-sponsor mortgagor where, in the determination of the Commissioner, and of its stockholders were identified with such mortgagor”.

(b) Section 213(b)(2) of such Act is amended by adding at the end thereof the following new sentence: “In determining the economic feasibility of a project in the case of a mortgagor of the character described in paragraph (3) of subsection (a), the sole test of such feasibility shall be the availability of people in the community who need the housing to be provided by the project and who can afford such housing at the monthly charges applicable under its continued use as a cooperative.”

(c) Section 213 of such Act is further amended by adding at the end thereof the following new subsection:

“(j)(1) With respect to any property covered by a mortgage insured under this section (or any cooperative housing project covered by a mortgage insured under section 207 as in effect prior to the enactment of the Housing Act of 1950), the Commissioner is authorized, upon such terms and conditions as he may prescribe, to make commitments to insure and to insure supplementary cooperative loans (including advances during construction or improvement) made by financial institutions approved by the Commissioner. As used in this subsection, ‘supplementary cooperative loan’ means a loan, advance of credit, or purchase of an obligation representing a loan or advance of credit made for the purpose of financing any of the following:

“(A) Improvements or repairs of the property covered by such mortgage; or

“(B) Community facilities necessary to serve the occupants of the property.

“(2) To be eligible for insurance under this subsection, a supplementary cooperative loan shall—

“(A) be limited to an amount which, when added to the outstanding mortgage indebtedness on the property, creates a total outstanding indebtedness which does not

exceed the original principal obligation of the mortgage;

“(B) have a maturity satisfactory to the Commissioner but not to exceed the remaining term of the mortgage;

“(C) be secured in such manner as the Commissioner may require;

“(D) contain such other terms, conditions, and restrictions as the Commissioner may prescribe; and

“(E) represent the obligation of a borrower of the character described in paragraph (1) of subsection (a).”

(d) Section 305(e) of such Act is amended by adding at the end thereof the following new sentences: “Whenever the Federal Housing Commissioner shall have issued pursuant to section 213 a statement of feasibility on a project including an estimate as to maximum amount of the mortgage involved, and an application for mortgage insurance under such section is thereafter filed with the Commissioner with respect to such project, the Association is authorized to enter into a commitment contract to reserve funds for the purchase of such mortgage; and such reservation shall be for such period as may be certified by the Commissioner as being necessary, taking into account the estimated time required to issue a commitment for mortgage insurance. The Association, at the time the Commissioner issues a commitment to insure such mortgage, may impose a charge equal to one-half of the fee which would be payable to it under the last sentence of subsection (b) of this section at the time of the issuance of its advance commitment to purchase the mortgage, with the amount of such charge being credited toward such fee if and when the advance commitment is later issued by the Association.”

Section 220 sales housing mortgage insurance

SEC. 609. (a) Section 220(d)(3)(A)(i) of the National Housing Act is amended—

(1) by striking out “\$13,500” each place it appears and inserting in lieu thereof “\$15,000”;

(2) by striking out “\$18,000” each place it appears and inserting in lieu thereof “\$20,000”; and

(3) by striking out “70 per centum” and inserting in lieu thereof “75 per centum”.

(b) Section 220(d)(3)(A) of such Act is further amended by striking out all that precedes “or \$35,000” and inserting in lieu thereof the following:

“(A)(i) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$27,500 in the case of property upon which there is located a dwelling designed principally for a one-, two-, or three-family residence;”.

Nursing homes

SEC. 610. Section 232(d)(2) of the National Housing Act is amended by striking out the words following the comma and inserting in lieu thereof the following: “and not to exceed 90 per centum of the estimated value of the property or project when the proposed improvements are completed.”

Housing for defense-impacted areas

SEC. 611. (a)(1) Section 810(b) of the National Housing Act is amended (A) by striking out “the Secretary of Defense or his designee shall have certified to the Commissioner that”, and (B) by striking out the last sentence.

(2) Section 810(d) of such Act is amended (A) by striking out “until advised by the Secretary of Defense or his designee” and inserting in lieu thereof “until he finds”, and (B) by striking out “, as evidenced by certification” and all that follows and inserting in lieu thereof a period.

(3) Section 810(l) of such Act is repealed.

(b)(1) Section 305 of such Act is amended by adding at the end thereof (after the new

subsection added by section 102(c) of this Act) the following new subsection:

“(j) Notwithstanding any other provision of this Act, the Association is authorized to make commitments to purchase, and to purchase, service, or sell, any mortgage or participation therein which is insured under section 810; but the total amount of purchases and commitments authorized by this subsection shall not exceed \$25,000,000 outstanding at any one time.”

(2) Section 305(j) of such Act is amended by striking out “title VIII of this Act” and inserting in lieu thereof “section 803 or 809 of this Act”.

(c) Section 406(a) of the Act of August 30, 1957 (71 Stat. 556), is amended by striking out “, and no certificates with respect to any family housing units shall be issued by the Secretary of Defense or his designee under section 810 of the National Housing Act, as amended.”.

Miscellaneous FHA amendments

SEC. 612. (a) Section 203 of the National Housing Act is amended by—

(1) striking out in subsection (b)(3) the words “insurance of the mortgage” and inserting in lieu thereof “beginning of amortization of the mortgage”, and

(2) striking out in the first proviso of the second sentence of subsection (c) the words “particular insurance fund” and inserting in lieu thereof “particular insurance fund or account”.

(b) The second sentence of section 204(d) of such Act is amended by inserting after “mortgagee after default,” the following: “except that debentures issued pursuant to the provisions of section 220(f), section 221(g), and section 233 may be dated as of the date the mortgage is assigned (or the property is conveyed) to the Commissioner.”.

(c) The last sentence of section 204(g) of such Act is amended to read as follows: “The power to convey and to execute in the name of the Commissioner deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein heretofore or hereafter acquired by the Commissioner pursuant to the provisions of this Act, may be exercised by the Commissioner or by any Assistant Commissioner appointed by him, without the execution of any express delegation of power or power of attorney: *Provided*, That nothing in this subsection shall be construed to prevent the Commissioner from delegating such power by order or by power of attorney, in his discretion, to any officer, agent, or employee he may appoint: *And provided further*, That a conveyance or transfer of title to real or personal property or an interest therein to the Federal Housing Commissioner, his successors and assigns, without identifying the Commissioner therein, shall be deemed a proper conveyance or transfer to the same extent and of like effect as if the Commissioner were personally named in such conveyance or transfer.”

(d) Section 209 of such Act is amended by striking out in the second sentence “shall be charged as a general expense of the Fund, the Housing Fund, and the Defense Housing Insurance Fund in such proportion as the Commissioner shall determine” and inserting in lieu thereof “shall be charged as a general expense of such insurance fund or funds, or account or accounts, as the Commissioner shall determine”.

(e) Section 212 of such Act is amended by—

(1) striking out in the second sentence of subsection (a) “any mortgage under section 220” and inserting in lieu thereof “any loan or mortgage under section 220 or section 233”; and

(2) striking out in the third sentence of subsection (a) “in subsection (d)(4)” and

inserting in lieu thereof "in subsection (d)(3) in the case of a cooperative or a limited profit mortgagor, or in subsection (d)(4)".

(f) Section 218 of such Act is amended to read as follows:

"Sec. 219. Notwithstanding any limitations contained in other sections of this Act as to the use of moneys credited to the Title I Insurance Account, the Title I Housing Insurance Fund, the Section 203 Home Improvement Account, the Housing Insurance Fund, the War Housing Insurance Fund, the Housing Investment Insurance Fund, the Armed Services Housing Mortgage Insurance Fund, the National Defense Housing Insurance Fund, the Section 220 Housing Insurance Fund, the Section 220 Home Improvement Account, the Section 221 Housing Insurance Fund, the Experimental Housing Insurance Fund, the Apartment Unit Insurance Fund, or the Servicemen's Mortgage Insurance Fund, the Commissioner is hereby authorized to transfer funds from any one or more of such insurance funds or accounts to any other such fund or account in such amounts and at such times as the Commissioner may determine, taking into consideration the requirements of such funds or accounts, separately and jointly to carry out effectively the insurance programs for which such funds or accounts were established."

(g) Section 220(f) of such Act is amended by—

(1) striking out "or" at the end of paragraph (1),

(2) striking out the period at the end of paragraph (2) and inserting in lieu thereof "; or", and

(3) adding at the end thereof the following:

"(3) as to mortgages meeting the requirements of this section that are insured or initially endorsed for insurance on or after the date of enactment of the Housing Act of 1961, notwithstanding the provisions of paragraphs (1) and (2) of this subsection, the Commissioner in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such paragraphs in cash or in debentures (as provided in the mortgage insurance contract), or may acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner and made previously by the mortgagee under the provisions of the mortgage. After the acquisition of the mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan. The appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this paragraph, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages so acquired (A) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 220 Housing Insurance Fund, (B) all references in section 204 to section 203 shall be construed to refer to this section, and (C) all references in section 207 to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Section 220 Housing Insurance Fund."

(h)(1) Section 223(a) of such Act is amended by striking out "213, or 222" each

place it appears and inserting in lieu thereof "213, 220, 221, 222, 231, 232, or 233".

(2) Section 223(a)(7) of such Act is amended—

(A) by striking out "section 903 or section 908 of title IX" and inserting in lieu thereof "section 220, 221, 903, or 908"; and

(B) by striking out "insured under section 608 or 908".

(3) Section 223 of such Act is further amended by adding at the end thereof the following new subsection:

"(d) With respect to any mortgage, other than a mortgage covering a one- to four-family structure, heretofore or hereafter insured by the Commissioner, and notwithstanding any other provision of this Act, when the taxes, interest on the mortgage debt, mortgage insurance premiums, hazard insurance premiums, and the expense of maintenance and operation of the project covered by such mortgage during the first two years following the date of completion of the project, as determined by the Commissioner, exceed the project income, the Commissioner may, in his discretion and upon such terms and conditions as he may prescribe, permit the excess of the foregoing expenses over the project income to be added to the amount of such mortgage, and extend the coverage of the mortgage insurance thereto, and such additional amount shall be deemed to be part of the original face amount of the mortgage."

(i) The first sentence of section 224 of such Act is amended to read as follows: "Notwithstanding any other provisions of this Act, debentures issued under any section of this Act with respect to a loan or mortgage accepted for insurance on or after thirty days following the effective date of the Housing Act of 1954 (except debentures issued pursuant to paragraph (4) of section 221(g)) shall bear interest at the rate in effect on the date the commitment to insure the loan or mortgage was issued, or the date the loan or mortgage was endorsed for insurance, or (when there are two or more insurance endorsements) the date the loan or mortgage was initially endorsed for insurance, whichever rate is the highest, except that debentures issued pursuant to section 220(f), section 220(h)(7), section 221(g), or section 233 may, at the discretion of the Commissioner, bear interest at the rate in effect on the date they are issued."

(j) Section 226 of such Act is amended by—

(1) striking out in the first sentence "222, or" and inserting in lieu thereof "222, 233, 234, or"; and

(2) striking out in the third sentence the words "that a written statement setting forth such estimate" and inserting in lieu thereof the following: "or on the basis of any other estimates of the Commissioner, that a written statement setting forth such estimate or estimates, as the case may be,".

(k) Section 227 of such Act is amended by—

(1) striking out in subsection (a) "or (vi) under section 810 if the mortgage meets the requirements of subsection (f)" and inserting in lieu thereof "(vi) under section 233 if the mortgage meets the requirements of subsection (b)(2), or (vii) under section 810 if the mortgage meets the requirements of subsection (f)";

(2) striking out in subsection (b) the word "value" and inserting in lieu thereof "value, cost"; and (3) striking out in the second and third sentences of subsection (c) "section 221 if the mortgage meets the requirements of paragraph (4) of subsection (d) thereof, or section 231," and inserting in lieu thereof "section 221(d)(3), section 221(d)(4), section 231, or section 233(b)(2),".

(1) Section 229 of such Act is amended to read as follows:

"Voluntary termination of insurance

"Sec. 229. Notwithstanding any other provision of this Act and with respect to any loan or mortgage heretofore or hereafter insured under this Act, except under section 2, the Commissioner is authorized to terminate any insurance contract upon request by the borrower or mortgagor and the financial institution or mortgagee and upon payment of such termination charge as the Commissioner determines to be equitable, taking into consideration the necessity of protecting the various insurance Funds and Accounts. Upon such termination, borrowers and mortgagors and financial institutions and mortgagees shall be entitled to the rights, if any, to which they would be entitled under this Act if the insurance contract were terminated by payment in full of the insured loan or mortgage."

(m) Section 231(c)(2) of such Act is amended to read as follows:

"(2) not exceed, for such part of such property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$2,250 per room (or \$9,000 per family unit if the number of rooms in such property or project is less than four per family unit): *Provided*, That as to projects to consist of elevator type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,750 per room and the dollar amount limitation of \$9,000 per family unit to not to exceed \$9,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,250 per room, without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require;".

TITLE VII—OPEN SPACE AND LAND DEVELOPMENT

Part 1—Permanent open land

Findings and Purpose

SEC. 701. (a) The Congress finds that a combination of economic, social, governmental, and technological forces have caused a rapid expansion of the Nation's urban areas, which has created critical problems of service and finance for all levels of government and which, combined with a rapid population growth in such areas, threatens severe problems of urban and suburban living, including the loss of valuable open-space land in such areas, for the preponderant majority of the Nation's present and future population.

(b) It is the purpose of this part to help curb urban sprawl and prevent the spread of urban blight and deterioration, to encourage more economic and desirable urban development, and to help provide necessary recreational, conservation, and scenic areas by assisting State and local governments in taking prompt action to preserve open-space land which is essential to the proper long-range development and welfare of the Nation's urban areas, in accordance with plans for the allocation of such land for open-space purposes.

Federal Grants

SEC. 702. (a) In order to encourage and assist in the timely acquisition of land to be used as permanent open-space land, as defined herein, the Housing and Home Finance Administrator (hereinafter referred to as the "Administrator") is authorized to make grants to State and local public bodies ac-

ceptable to the Administrator as capable of carrying out the provisions of this part to help finance the acquisition of title to, or other permanent interests in, such land. The amount of any such grant shall not exceed 20 per centum of the total cost, as approved by the Administrator, of acquiring such interests: *Provided*, That this limitation may be increased to not to exceed 30 per centum in the case of a grant extended to a public body which (1) exercises responsibilities consistent with the purposes of this part for an urban area as a whole, or (2) exercises or participates in the exercise of such responsibilities for all or a substantial portion of an urban area pursuant to an interstate or other intergovernmental compact or agreement.

(b) The Administrator may make grants under this part aggregating not to exceed \$100,000,000. There are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments as well as to carry out all other purposes of this part.

(c) No grants under this part shall be used to defray development costs or ordinary State or local governmental expenses, or to help finance the acquisition by a public body of land located outside the urban area for which it exercises (or participates in the exercise of) responsibilities consistent with the purpose of this part.

(d) The Administrator may set such further terms and conditions for assistance under this part as he determines to be desirable.

(e) The Administrator shall consult with the Secretary of the Interior on the general policies to be followed in reviewing applications for grants. To assist the Administrator in such review, the Secretary of the Interior shall furnish him appropriate information on the status of recreational planning for the areas to be served by the open-space land acquired with the grants. The Administrator shall provide current information to the Secretary from time to time on significant program developments.

Planning Requirements

SEC. 703. (a) The Administrator shall make grants for the acquisition of land under this part only if he finds that (1) the proposed use of the land for permanent open space is important to the execution of a comprehensive plan for the urban area meeting criteria he has established for such plans, and (2) a program of comprehensive planning (as defined in section 701(d) of the Housing Act of 1954) is being actively carried on for the urban area.

(b) In extending financial assistance under this part, the Administrator shall take such action as he deems appropriate to assure that local governing bodies are preserving a maximum of open-space land, with a minimum of cost, through the use of existing public land; the use of special tax, zoning, and subdivision provisions; and the continuation of appropriate private use of open-space land through acquisition and leaseback, the acquisition of restrictive easements, and other available means.

Conversions to Other Uses

SEC. 704. No open-space land for which a grant has been made under this part shall, without the approval of the Administrator, be converted to uses other than those originally approved by him. The Administrator shall approve no conversion of land from open-space use unless he finds that such conversion is essential to the orderly development and growth of the urban area involved and is in accord with the then applicable comprehensive plan, meeting criteria established by him. The Administrator shall approve any such conversion only upon such conditions as he deems necessary to assure the substitution of other open-

space land of at least equal fair market value and of as nearly as feasible equivalent usefulness and location.

Technical Assistance, Studies, and Publication of Information

SEC. 705. In order to carry out the purpose of this part the Administrator is authorized to provide technical assistance to State and local public bodies and to undertake such studies and publish such information, either directly or by contract, as he shall determine to be desirable. There are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such amounts as may be necessary to provide for such assistance, studies, and publication. Nothing contained in this section shall limit any authority of the Administrator under any other provision of law.

Definitions

SEC. 706. As used in this part—

(1) The term "open-space land" means any undeveloped or predominantly undeveloped land in an urban area which has (A) recreational value; (B) conservation value in protecting natural resources; or (C) historic or scenic value.

(2) The term "urban area" means any area which is urban in character, including those surrounding areas which, in the judgment of the Administrator, form an economic and socially related region, taking into consideration such factors as present and future population trends and patterns of urban growth, location of transportation facilities and systems, and distribution of industrial, commercial, residential, governmental, institutional, and other activities.

(3) The term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam.

Part 2—FHA insurance for site preparation and development

Land Development Insurance

SEC. 710. The National Housing Act is amended by adding at the end thereof the following new title:

"TITLE X—LAND DEVELOPMENT INSURANCE

"SEC. 1001. As used in this title—

"(1) the term 'mortgage' means a lien on real estate in fee simple, or on the interest of either the lessor or lessee thereof (A) under a lease for not less than ninety-nine years which is renewable, or (B) under a lease having a period of not less than fifty years to run from the date the mortgage was executed; and the term 'first mortgage' includes such classes of first liens as are commonly given to secure advances (including but not being limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and may be in the form of trust mortgages or mortgage indentures or deeds of trust securing notes, bonds, or other credit instruments;

"(2) the terms 'mortgagee', 'mortgagor', and 'State' shall have the same meaning as when used in section 207 of this Act;

"(3) the term 'improvements' means water lines and water supply installations, sewer lines and sewer disposal installations, utilities, pavements, curbs, gutters, and other installations or work, whether on or off the site, (A) which are necessary or desirable to convert raw land in an urban or suburban community into building sites primarily for the construction of structures designed for residential use, and (B) which are in keeping with applicable governmental requirements and with standards not lower than those reflected in general practice in the community; and

"(4) the term 'development' means the process of making and installing improvements.

"SEC. 1002. (a) The Commissioner is authorized upon application by the mortgagee to insure under this title as hereinafter provided any first mortgage (including advances during construction) which is eligible for insurance as hereinafter provided and, upon such terms and conditions as he may prescribe, to make commitments for the insurance thereof prior to the date of insurance; but no mortgage shall be insured under this title after July 1, 1963, except pursuant to a commitment to insure issued before such date.

"(b) To be eligible for mortgage insurance under this title a mortgage shall—

"(1) cover the land and improvements unless they are in public ownership or are excepted or released from the lien of the mortgage with the approval of the Commissioner;

"(2) involve an original principal obligation in an amount not to exceed \$2,500,000 and not to exceed 75 per centum of the estimated value of the security covered thereby as of the completion of the development to be financed with the proceeds of the mortgage; but in no event shall any such mortgage exceed 75 per centum of the estimated value of the land as of the date of commitment plus 75 per centum of the estimated cost of development thereof;

"(3) have a maturity satisfactory to the Commissioner but not to exceed five years;

"(4) contain repayment provisions satisfactory to the Commissioner and bear interest (exclusive of premium charges for mortgage insurance) at a rate satisfactory to the Commissioner, but not to exceed 6 per centum per annum, on the amount of the principal obligation outstanding at any time;

"(5) contain such other conditions as the Commissioner may prescribe with respect to protection of the security, payment of taxes, delinquency charges, prepayment, additional and secondary liens, release of a portion or portions of the mortgaged property from the lien of the mortgage, and other matters as the Commissioner may in his discretion prescribe; and

"(6) be executed by, and cover property held by, a mortgagor approved by the Commissioner and have been made to and be held by a mortgagee approved by the Commissioner.

"(c) No mortgage shall be accepted for insurance under this title unless the Commissioner finds that—

"(1) it will aid in the development of land owned by or to be acquired by the mortgagor, and the development of such land is economically sound;

"(2) the assistance provided by this title is needed to meet the housing and related needs of moderate income families; and

"(3) the mortgagor will develop the land under a schedule reasonably assuring the timely completion of all desirable neighborhood facilities and either will construct upon the land, within a reasonable period after its development, structures primarily for residential use by moderate income families, or will make the developed land available to other persons for such purpose; and the Commissioner shall require the mortgagor to enter into such agreements or covenants as the Commissioner in his discretion may deem appropriate to assure that such construction will take place within such period.

"(d) The mortgage may include a provision permitting the mortgagee to make advances subsequent to full disbursement of the original principal: *Provided*, That the total amount of such advances outstanding at any one time shall not exceed the face amount of the mortgage.

"(e) The Commissioner shall collect a premium charge for the insurance of mortgages under this title, but in the case of any mortgage such charge shall not be less than an amount equivalent to one-half of 1 per

centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. Such charge shall be payable by the mortgagee, either in cash or in debentures of the Land Development Insurance Fund issued by the Commissioner under this title at par plus accrued interest. In addition to the premium charge herein provided for, the Commissioner is authorized to charge and collect such amounts as he may deem reasonable for the appraisal of the property offered for insurance and for the inspection of such property and the development thereof during construction, but such charges for appraisal and inspection shall not aggregate more than 1 per centum of the original principal face amount of the mortgage.

"(f) The provisions of subsections (e), (g), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 of this Act shall be applicable to mortgages insured under this title, except that as applied to such mortgages (1) all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Land Development Insurance Fund, and (2) all references therein to section 207 or 210 shall be construed to refer to this section.

"(g) There is hereby created a Land Development Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this title. The Commissioner is hereby authorized and directed to transfer immediately to such fund the sum of \$10,000,000 from the War Housing Insurance Fund created by section 602 of this Act, which sum shall be reimbursed to the War Housing Insurance Fund from appraisal and inspection fees and charges hereafter collected under this title. General expenses of operation of the Federal Housing Administration under this title may be charged to the Land Development Insurance Fund.

"Sec. 1003. Any contract of insurance executed by the Commissioner under this title with respect to a mortgage shall be conclusive evidence of the eligibility of such mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or misrepresentation on the part of such approved mortgage.

"Sec. 1004. Nothing in this title shall be construed to exempt any real property acquired and held by the Commissioner under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

"Sec. 1005. The Commissioner is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title.

"Sec. 1006. Notwithstanding any other provision of this Act, no mortgage shall be finally endorsed for insurance under this title nor shall any advance thereon during construction be insured under this title unless the mortgagor has executed an agreement in form and content satisfactory to the Commissioner (and shall submit such records and data in support of such certification as the Commissioner shall prescribe) the actual cost of the development of the land (being the cost of constructing the on-site and off-site improvements reasonable and necessary for such development, including amounts paid for labor, materials, construction contracts, organizational and legal expenses, professional fees, a reasonable allowance for builders' profit if the

mortgagor is also the builder as defined by the Commissioner, and other items of expense approved by the Commissioner). Notwithstanding any other provisions of this title (1) no mortgage shall be finally endorsed for insurance if the principal amount thereof exceeds 75 per centum of the Commissioner's estimate of the value of the land when the proposed development is completed and (2) no advance on such mortgage shall be insured if such advance, when added to previous insured advances, exceeds 75 per centum of the Commissioner's estimate of the value of the land as of the date of commitment plus 75 per centum of the cost of such development to the date of such disbursement as shown by the mortgagor's certificate; but in no event shall more than 90 per centum of the principal obligation of the loan be disbursed prior to the completion of the development contemplated by the Commissioner's commitment. The mortgagor shall also agree that, in the event the final amount of the mortgage or the amount of any advance exceeds the amount permitted under clause (1) or (2) (as the case may be) of the preceding sentence, he will reduce the mortgage or the insured advance by the amount of the excess."

Conforming Amendments

SEC. 711. (a) Section 219 of the National Housing Act (as amended by section 612(f) of this Act) is amended by inserting after "the Section 221 Housing Insurance Fund," the following: "the Land Development Insurance Fund."

(b) Section 215 of such Act is amended by striking out "or title IX" and inserting in lieu thereof "title IX, or title X".

(c) The first paragraph of section 24 of the Federal Reserve Act is amended by inserting before the last sentence the following new sentence: "Notwithstanding the limitations and restrictions in this section, any national banking association may make loans for site preparation and development which are secured by mortgages insured under title X of the National Housing Act."

TITLE VIII—FARM HOUSING

SEC. 801. (a) Section 502 (b) (1) of the Housing Act of 1949 is amended by striking out "and such additional security" and inserting in lieu thereof the words "or such other security".

(b) Sections 511, 512, and 513 of such Act are each amended by striking out "1961" and inserting in lieu thereof "1965".

SEC. 802. The second sentence of section 511 of the Housing Act of 1949 is amended by striking out "\$450,000,000" and inserting in lieu thereof "\$650,000,000".

SEC. 803. (a) Section 501 (a) of the Housing Act of 1949 is amended by inserting "(1)" before "to owners of farms", and by inserting before the period at the end thereof the following: ", and (2) to owners of other real estate in rural areas to enable them to provide dwellings and related facilities for their own use and buildings adequate for their farming operations".

(b) Section 501 (c) of such Act is amended by inserting before the semicolon at the end of clause (1) the following: ", or that he is the owner of other real estate in a rural area without an adequate dwelling or related facilities for his own use or buildings adequate for his farming operations."

(c) Section 501 of such Act is further amended by adding at the end thereof the following new subsection:

"(d) As used in this title (except in sections 503 and 504 (b)), the terms 'farm', 'farm dwelling', and 'farm housing' shall include dwellings or other essential buildings of eligible applicants."

SEC. 804. (a) Title V of the Housing Act of 1949 is further amended by adding at the end thereof the following new section:

"Insurance of Loans for the Provision of Housing and Related Facilities for Domestic Farm Labor

"Sec. 514. (a) The Secretary is authorized to insure and make commitments to insure loans made by lenders other than the United States to the owner of any farm, any association of farmers, any State or political subdivision thereof, or any public or private non-profit organization for the purpose of providing housing and related facilities for domestic farm labor in accordance with terms and conditions substantially identical with those specified in section 502; except that—

"(1) no such loan shall be insured in an amount in excess of the value of the farm involved less any prior liens in the case of a loan to an individual owner of a farm, or the total estimated value of the structures and facilities with respect to which the loan is made in the case of any other loan;

"(2) no such loan shall be insured if it bears interest at a rate in excess of 5 per centum per annum;

"(3) out of interest payments by the borrower the Secretary shall retain a charge in an amount not less than one-half of 1 per centum per annum of the unpaid principal balance of the loan;

"(4) the insurance contracts and agreements with respect to any loan may contain provisions for servicing the loan by the Secretary or by the lender, and for the purchase by the Secretary of the loan if it is not in default, on such terms and conditions as the Secretary may prescribe; and

"(5) the Secretary may take mortgages creating a lien running to the United States for the benefit of the insurance fund referred to in subsection (b) notwithstanding the fact that the note may be held by the lender or his assignee.

"(b) The Secretary shall utilize the insurance fund created by section 11 of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1005a) and the provisions of section 13 (a), (b), and (c) of such Act (7 U.S.C. 1005c (a), (b), and (c)) to discharge obligations under insurance contracts made pursuant to this section, and

"(1) the Secretary may utilize the insurance fund to pay taxes, insurance, prior liens, and other expenses to protect the security for loans which have been insured hereunder and to acquire such security property at foreclosure sale or otherwise;

"(2) the notes and security therefor acquired by the Secretary under insurance contracts made pursuant to this section shall become a part of the insurance fund. Loans insured under this section may be held in the fund and collected in accordance with their terms or may be sold and reinsured. All proceeds from such collections, including the liquidation of security and the proceeds of sales, shall become a part of the insurance fund; and

"(3) of the charges retained by the Secretary out of interest payments by the borrower, amounts not less than one-half of 1 per centum per annum of the unpaid principal balance of the loan shall be deposited in and become a part of the insurance fund. The remainder of such charges shall be deposited in the Treasury of the United States and shall be available for administrative expenses of the Farmers Home Administration, to be transferred annually to and become merged with any appropriation for such expenses.

"(c) Any contract of insurance executed by the Secretary under this section shall be an obligation of the United States and incontestable except for fraud or misrepresentation, of which the holder of the contract has actual knowledge.

"(d) The aggregate amount of the principal obligations of the loans insured under

this section shall not exceed \$25,000,000 in any one fiscal year.

"(e) Amounts made available pursuant to section 513 of this Act shall be available for administrative expenses incurred under this section.

"(f) As used in this section—

"(1) the term 'housing' means (A) new structures suitable for dwelling use by domestic farm labor, and (B) existing structures which can be made suitable for dwelling use by domestic farm labor by rehabilitation, alteration, conversion, or improvement; and

"(2) the term 'related facilities' means (A) new structures suitable for use as dining halls, community rooms or buildings, or infirmaries, or for other essential services facilities, and (B) existing structures which can be made suitable for the above uses by rehabilitation, alteration, conversion, or improvement; and

"(3) the term 'domestic farm labor' means citizens of the United States who receive a substantial portion (as determined by the Secretary) of their income as laborers on farms situated in the United States."

(b) Title V of such Act is further amended—

(1) by inserting in section 506(a) "and section 514," immediately after "501 to 504, inclusive," each place it appears; and

(2) by striking out "under this title" in section 507 and inserting in lieu thereof "under sections 501 to 504, inclusive".

(c) The first paragraph of section 24 of the Federal Reserve Act (12 U.S.C. 371) is amended by inserting after "the Act of August 28, 1937, as amended" the following: ", or title V of the Housing Act of 1949, as amended".

SEC. 805. (a) Section 506 of the Housing Act of 1949 is amended—

(1) by striking out the last sentence of subsection (a);

(2) by redesignating subsection (b) as subsection (e); and

(3) by inserting after subsection (a) the following new subsections:

"(b) The Secretary is further authorized to conduct research and technical studies including the development, demonstration, and promotion of construction of adequate farm dwellings and other buildings for the purpose of stimulating construction, improving the architectural design and utility of such dwellings and buildings, and utilizing new and native materials, economies in materials and construction methods, and new methods of production, distribution, assembly, and construction, with a view to reducing the cost of farm dwellings and buildings and adapting and developing fixtures and appurtenances for more efficient and economical farm use.

"(c) The Secretary is further authorized to carry out a program of research, study, and analysis of farm housing in the United States to develop data and information on—

"(1) the adequacy of existing farm housing;

"(2) the nature and extent of current and prospective needs for farm housing, including needs for financing and for improved design, utility, and comfort, and the best methods of satisfying such needs;

"(3) problems faced by farmers and other persons eligible under section 501 in purchasing, constructing, improving, altering, repairing, and replacing farm housing;

"(4) the interrelation of farm housing problems and the problems of housing in urban and suburban areas; and

"(5) any other matters bearing upon the provision of adequate farm housing.

"(d) To the extent determined by him to be advisable, the Secretary may carry out the research and study programs authorized by subsections (b) and (c) through grants made by him on such terms, conditions, and standards as he may prescribe to land-grant

colleges established pursuant to the Act of July 2, 1862 (7 U.S.C. 301-308) or through such other agencies as he may select."

(b) Section 513 of such Act is amended by striking out "and (c)" and inserting in lieu thereof the following: "(c) not to exceed \$250,000 per year for research and study programs pursuant to subsections (b), (c), and (d) of section 506 during the period beginning July 1, 1961; and ending June 30, 1965; and (d)".

SEC. 806. (a) Section 508 of the Housing Act of 1949 is amended by striking out "of \$5 per day" in subsection (a) and inserting in lieu thereof "determined by the Secretary".

(b) Section 508 of such Act is amended by striking out "their opinions of the reasonable values of the farms" in the second sentence of subsection (b) and inserting in lieu thereof "as to the amount of the loan or grant."

TITLE IX—MISCELLANEOUS

Homeowners Loan Act of 1933

SEC. 901. (a) Section 5(c) of the Home Owners' Loan Act of 1933 is amended by striking out "in loans insured under title I of the National Housing Act, as amended," in the first sentence of the second paragraph and inserting in lieu thereof "in loans insured under title I of the National Housing Act, in home improvement loans insured under title II of the National Housing Act,".

(b) Section 5(c) of such Act is further amended by adding at the end thereof the following new paragraph:

"Without regard to any other provision of this subsection except the area restriction and the \$35,000 limitation, any such association may invest an amount not exceeding at any one time 5 per centum of its assets in nonamortized loans which are made on the security of first liens upon homes or combinations of homes and business property and which (1) are repayable within a period of eighteen months, (2) provide that interest payments be made at least semi-annually, and (3) do not exceed 80 per centum of the appraised value of the property involved. For the purposes of this paragraph the term 'first liens' includes the assignment of the whole of the beneficial interest in a trust having a corporate trustee whereunder real estate held in the trust can be subjected to the satisfaction of the obligation or obligations secured with the same priority as a first mortgage, a first deed of trust, or a first trust deed in the jurisdiction where the real estate is located."

(c) Section 5(c) of such Act is further amended by adding at the end thereof (after the paragraph added by subsection (b) of this section) the following new paragraph:

"Without regard to any other provision of this subsection except the area restriction, any such association is authorized to invest an amount not exceeding at any one time 5 per centum of its assets in amortized loans or participating interests therein which are secured by first liens upon improved real estate used to provide housing facilities for the aging, subject to the following qualifications:

"(1) each such loan shall be repayable within a period of thirty years;

"(2) no such loan shall exceed 90 per centum of the appraised value of the improved real estate given as security therefor; and

"(3) each such loan—

"(A) shall be made upon and secured by real estate which is improved by housing accommodations, individual or multiple, designed for the purpose of providing accommodations for occupancy by aging persons, or of providing rest homes or nursing homes, so constructed or altered as to be suitable primarily for the occupancy of persons over fifty-five years of age and limited principally to the occupancy of such persons; and

"(B) shall be made for the implementation of the purpose described in clause (A)."

(d) Section 5(c) of such Act is further amended by adding at the end thereof (after the paragraph added by subsection (c) of this section) the following new paragraph:

"Without regard to any other provision of this subsection, any such association is authorized to invest not more than 5 per centum of its assets in certificates of beneficial interest issued by any urban renewal investment trust. For the purposes of this paragraph the term 'urban renewal investment trust' means an unincorporated trust established by written agreement between the authorized officers of two or more savings institutions the savings or share accounts of which are insured by an agency of the Federal Government, which agreement—

"(1) expressly limits the purposes of the trust and the investment powers of the trustees to the elimination or prevention of the spread of slums and blighted or deteriorated or deteriorating areas and the redevelopment, renewal, rehabilitation, or conservation of such areas by private enterprise through financing the purchase or rehabilitation of real property, or the construction of improvements thereon, designed or usable for industrial, commercial, or housing purposes within the confines of an urban renewal area (as defined in section 110 of the Housing Act of 1949);

"(2) expressly limits the beneficial ownership of the trust to savings and loan associations or banks the savings or share accounts of which are insured by an agency of the Federal Government;

"(3) provides that such beneficial ownership be evidenced by certificates of beneficial interest, which certificates shall have first claim at all times on the assets of the trust without preference between the holders thereof, and shall be fully transferable and assignable between any such banks and savings and loan associations at all times; and

"(4) expressly provides that it shall be effective and binding between the parties thereto only upon being approved by the board.

Any association chartered under the provisions of this section may become a party to any urban renewal investment trust. The Federal Home Loan Bank Board shall prescribe such rules and regulations, not inconsistent with the provisions of this paragraph, as it may deem necessary for the proper establishment of urban renewal investment trusts, for the effective operation thereof, and the participation in such operations of eligible institutions either as parties, as trustees, or as the holders of certificates of beneficial interest."

Federal Reserve Act

SEC. 902. Section 24 of the Federal Reserve Act is amended by inserting at the end of the next to the last paragraph a new sentence as follows: "Home improvement loans which are insured under the provisions of section 203(k) or 220(h) of the National Housing Act may be made without regard to the first lien requirements of this section."

Voluntary home mortgage credit program

SEC. 903. Section 610(a) of the Housing Act of 1954 is amended by striking out "1961" and inserting in lieu thereof "1965".

Disposal of Passyunk war housing project

SEC. 904. Section 802(a) of the Housing Act of 1959 is amended by striking out "five" in the first sentence and inserting in lieu thereof "seven".

Disposal of Nathanael Greene Villa housing project

SEC. 905. Notwithstanding the provisions of section 606 of the Act entitled "An Act to expedite the provision of housing in connection with national defense, and for other purposes", approved October 14, 1940, as

amended, and any agreements entered into thereunder, the Housing and Home Finance Administrator and the Public Housing Administration are authorized and directed to agree to the sale by the Housing Authority of Savannah, Georgia, to the City of Savannah, Georgia, of all right, title, and interest in and to Nathanael Greene Villa (low-rent Housing project GA-2-8; formerly war housing project GA-9041), for a total price of \$275,000, which shall be paid to the Administration and deposited by the Administration in the Treasury as miscellaneous receipts in accordance with section 606(d) of such Act.

Hospital construction

Sec. 906. (a) Section 605(b) of the Housing Act of 1956 is amended by striking out "1960" and inserting in lieu thereof "1962".

(b) Section 605(c) of such Act is amended by striking out "and June 30, 1961" and inserting in lieu thereof "June 30, 1961, and June 30, 1962".

Payment in lieu of taxes by Holyoke Housing Authority

Sec. 907. Notwithstanding the provisions of any other law or any contract or rule of law, the Public Housing Commissioner shall approve the payment in lieu of taxes, in the amount of \$9,933.47, made by the Holyoke Housing Authority to the city of Holyoke, Massachusetts, under section 10(h) of the United States Housing Act of 1937, for its fiscal year ended December 31, 1956.

Administrative

Sec. 908. Section 502 of the Housing Act of 1948 is amended by—

(1) striking out in subsection (c)(3) the first proviso, the colon thereafter, and the words "And provided further," and inserting in lieu thereof "Provided,"; and

(2) adding at the end thereof the following subsection:

"(d) The Housing and Home Finance Administrator, the Federal Housing Commissioner, and the Public Housing Commissioner, respectively, may utilize funds made available to them for salaries and expenses for payment in advance for dues or fees for library memberships in organizations (or for membership of the individual librarians of the respective agencies in organizations which will not accept library membership) whose publications are available to members only, or to members at a price lower than to the general public, and for payment in advance for publications available only upon that basis or available at a reduced price on prepublication order."

Mr. MANSFIELD. Mr. President, I move that the Senate disagree to the amendment of the House, agree to the conference requested by the House, and that the Chair appoint the conferees on the part of the Senate. Let me say that the chairman of the Banking and Currency Committee has requested the appointment as conferees on the part of the Senate of the Members whose names I now send to the desk.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Acting President pro tempore appointed Mr. SPARKMAN, Mr. DOUGLAS, Mr. CLARK, Mr. WILLIAMS of New Jersey, Mr. MUSKIE, Mr. LONG of Missouri, Mr. CAPEHART, Mr. BUSH, and Mr. BEALL the conferees on the part of the Senate.

Mr. CLARK. Mr. President, will the Senator from Montana yield briefly?

Mr. MANSFIELD. I yield.

Mr. CLARK. Have the conferees on the housing bill been appointed?

Mr. MANSFIELD. Yes, just now.

Mr. CLARK. I should like to speak on that subject.

Mr. MANSFIELD. I wish the Senator from Pennsylvania had told me before now of his desire in that connection. But I yield.

Mr. CLARK. Mr. President, as my colleagues will remember, I have been arguing for some time that the Senate members of conference committees should be so selected that a majority on any particular committee will reflect the prevailing view of the Senate on the major matters in disagreement which occasion the appointment of the committee.

This issue has arisen many times in the history of the Senate. When it has been pressed, adjustments have often been made in the selection of conferees, so that the majority does reflect the prevailing view of the Senate. When the issue has not been pressed, the custom of appointing committee members or subcommittee members on the basis of seniority has been followed.

The result has been that the Senate often sends into battle warriors who do not believe in the cause for which they are fighting. While they are duty bound to argue the position of the Senate with which they are out of sympathy, I think the record will show that in such circumstances they usually lose the argument. Sometimes it happens in a matter of minutes; sometimes it takes a little longer.

During the past 4 years, this anomalous situation has developed mainly on matters within the jurisdiction of the Finance Committee, when those of us who support the views of the Kennedy administration have won a battle on the floor, only to see our amendments taken to conference by some of the members of the Finance Committee who did not agree with the point of view of Senator Kennedy, when he was a member of this body, and do not now respond to his point of view as President of the United States.

Today, the shoe is on the other foot; and I would not be honest with myself and with my colleagues if I did not rise here to say that it pinches painfully.

The conferees designated to represent the Senate on the housing bill are the nine members of the Housing subcommittee. On at least four major issues which will be before the conference, these conferees have expressed a view in conflict with the position of the Senate, and I was with them on every one of those matters.

The first is the downpayment requirement under the new moderate-income housing program covering 1- to 4-family houses. The subcommittee bill provided for no downpayment at all. When the eloquent Senator from Tennessee [Mr. GORE] offered his amendment to eliminate this program, six of the nine subcommittee members voted against his amendment, which carried. When the title was modified, so as to provide a 3-percent downpayment, it was restored to the bill. Thus, the majority of the Senate is clearly in favor of a 3-percent downpayment; while a majority of the

conferees was in favor of no downpayment at all, until we were forced to compromise. The House position is about halfway between; so this will be a conference issue on which the Senate managers will be unrepresentative.

The second issue concerns cash payments by the FHA in lieu of debentures in cases of default under some of the new programs. The subcommittee bill authorized cash payments, which the administration regards as vital to the success of the programs. But in the full committee, the cash payments provisions were removed for several programs. The Senate confirmed the position of the committee. But the House version contains the provisions originally approved by a majority of the subcommittee, who will now attempt to defend a position with which they personally have disagreed.

The third issue concerns the amendment offered by the distinguished senior Senator from Minnesota [Mr. HUMPHREY] to increase from two-thirds to three-fourths the Federal share of urban renewal costs in communities under 150,000 located in redevelopment areas. This provision is in the House version. When it was offered by the Senator from Minnesota, the Senate rejected it. But six of the nine Senate conferees supported the Humphrey amendment, and thus are not representative of the position of the Senate.

The fourth issue is the open space program, which is contained in the House version.

On motion of the able Senator from South Dakota [Mr. CASE], this program was stricken from the Senate version. But six of the nine Senate conferees voted to retain it, and are therefore in agreement with the House position, rather than the Senate position.

Under these circumstances, Mr. President, and in view of the number of times I have spoken out against unrepresentative conference committees, I have pondered whether I should decline to serve as a Senate member of the conference committee on the housing bill.

I entered the Chamber a minute after the conferees were appointed; but I had intended to remain on the conference committee, subject to announcing my intention to resign if any other Member of the Senate felt I should do so.

Two considerations have led me to the conclusion that I should not decline to serve in the absence of such an expression from another Senator.

First, my resignation alone would not correct the situation. Some six of the nine conferees have opposed the position of the Senate on at least three, and probably all, of the four major issues I have mentioned, my resignation would leave the Senate conferees still unrepresentative, by a 5 to 4 margin. Other adjustments would have to be made; and in view of the complexity of the bill and the extraordinary number of issues in dispute—82, to be exact—it would take some careful calculation to make shifts which would correct the representation on these four issues without at the same time making it incorrect on others. While there is no question that such cal-

culations can be made, everybody concerned would have to agree with the objective and cooperate in working out the solution. And, unfortunately, the principle of representative conference committees has yet not been accepted by all concerned.

Second, some of my colleagues have protested to me that we cannot have one practice for administration supporters and another practice for those who oppose the administration. Where the accidents of assignment and seniority give the administration supporters an advantage over those who oppose the Kennedy administration, we should not relinquish that advantage, it is argued, unless the conservatives are willing to relinquish their advantage when the situation is reversed. In other words, the Kennedy men should not undertake unilateral disarmament.

As one Senator has put it, "Until this wormy tree of seniority is felled, I want my share of its fruits." I think both sides are wrong in eating from this tree, and I feel so keenly about it that I have been wielding a lonely ax.

If there is a disposition to recast this conference committee so as to make it representative, and if it is agreed that this shall be a precedent for the future, then I shall be happy to step aside in favor of some Senator who was on the prevailing side when the views of the Housing Subcommittee were overridden on the floor. If not, I can only express a hope that some of my friends on the other side will take note that this careless and undemocratic parliamentary practice cuts both ways. Perhaps some of them will wish to join in sponsoring my resolution now before the Rules and Administration Committee, Senate Resolution 9, which would make it possible for any Senator to force the Senate to appoint representative conference committees by simply raising a point of order.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. CLARK. I shall be happy to yield. Are we operating under a 3-minute limitation?

Mr. BUSH. I do not know, but the Senator has made a statement which involves me.

Mr. CLARK. I shall be glad to respond to the Senator's question, or yield the floor, whichever is best.

Mr. BUSH. I would like first to have the Senator yield in order that I may make a comment. Then I wish the floor in my own right.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. DIRKSEN. I think the Senator from Pennsylvania would be entitled to time in respect to the reference of the housing bill and the appointment of conferees. Is that correct?

The ACTING PRESIDENT pro tempore. The Senator would have been entitled to time. The time had been disposed of when he came into the Chamber.

Mr. DIRKSEN. I ask unanimous consent that it be made retroactive in

the sense that the Senator be given time to be heard on this matter.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

Mr. BUSH. I thank the Senator for yielding. I should like to make a couple of observations. First, I attended an informal meeting of the supposed conferees between the House and the Senate before any action was taken here. I would say to the Senator, from his point of view, I feel the House bill, if we go into conference, is very much more in line with his philosophy than is the Senate bill.

Mr. CLARK. The Senator is correct.

Mr. BUSH. So if the Senate is going to do anything on a compromise, it is going to be on the up side so far as expenditures and more liberal use of Government credit are concerned.

Mr. CLARK. The Senator is correct. That is why I raised the point.

Mr. BUSH. I would like to finish. I did not interrupt the Senator from Pennsylvania. I do not know what the Senator is cautioning us about, because we cannot very well do any less than what the Senate bill provided, and the only way we can go is up.

I think the Senator is making an unreasonable request of individual Senators who have their own convictions about legislative matters. Those convictions cannot be changed. Right here on the floor of the Senate, when the housing bill was before us, we supported the Gore amendment to strike out title I from the housing bill by a vote of 49 to 44, or thereabouts. Two or three hours later, with pressures from the White House, this provision of the bill came back, with a slightly different aspect to it, a very minor change. Then, due to pressures from the White House, within two or three hours, enough votes were changed so as to put that feature back into the bill.

What represented the view of the Senate? The first vote or the second vote? I personally think the first vote of approximately 49 against 44 Senators who voted to strike the title.

So I wish to say to the Senator, who is my friend—I do not mean to get too excited about this—that he is making a very unreasonable request of those of us who have strong convictions about some parts of the bill, just as strong as the feelings of the Senator from Pennsylvania.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. CLARK. I wish the Senator would point out any unreasonable request I have offered.

Mr. BUSH. The Senator's unreasonable request that Senators, like myself, who do not wish to resign from the committee, represent views we do not believe in.

Mr. CLARK. That is the last thing from my mind. I feel the Senator has misrepresented my position.

Mr. BUSH. I have not done so intentionally.

Mr. CLARK. I know that. My suggestion is that those who supported the

Senate in matters of disagreement may ask Senators who do not represent those views to get off the conference committee. I am prepared to do so.

Mr. BUSH. If the Senator wants to get off the committee, that is his business. I do not want him to get off. It seems to me, in defense of the chairman, that the way to select the conferees was the way they were selected, namely, the members of the subcommittee. After all, who is more familiar with the legislation, who lived through the hearings, who conducted the debate? There were the men who had most knowledge of it. The Senator was one of them. I do not see why he has a kick.

Mr. CLARK. I do not have a kick. The Senator has a kick. I am prepared to support the Senator from Connecticut if he wants to kick me.

Mr. BUSH. I do not want the Senator kicked at all. I am perfectly satisfied. The conferees were appointed. I certainly do not intend to be under any inhibition from voting my conscience in conference, any more than on the Senate floor. That is what I think the Senator's proposed rule is designed to do—to put us under wraps when we go to conference, and do what the Senate wants us to do. I do not think the word "conference" suggests we do that. The word "conference" means to confer and to come to agreement on matters before a conference.

Mr. CLARK. Mr. President, I shall not further detain the Senate except to make this point crystal clear. In my judgment, no attorney can properly represent a client in whose case he does not believe. We are now in a situation where a majority of the conferees—not including the Senator from Connecticut—are going to be expected to support the Senate's position on several matters in which they do not believe. I include myself in that number. And I have the feeling it is likely a vote will prevail early in the day for provisions in this bill in which a majority of our colleagues did not believe. My only point is that in view of the situation, in which I cannot represent the Senate's viewpoint, I should get off the committee.

Mr. BUSH. If the Senator would have his way, there would be no representation of a minority on conference committees. Is that what the Senator wants?

Mr. CLARK. No. If the Senator will read my proposed rule, he will see it provides that a majority of the members of a conference committee should have supported by their votes on the floor the position of the Senate in matters of disagreement with the House. That is not so with this conference committee. It is 6 to 3 in opposition on four of the main issues which will rise between the conferees.

Mr. ROBERTSON. Mr. President, I do not think that anybody who wants to knock the cork out of the bunghole of the Treasury is going to have any complaint with regard to service on the conference committee. The chairman was much opposed to the whole proposal of 100,000 public housing units, \$2½ billion for urban renewal, and minimum

downpayment for houses underwritten by the Federal Housing Administration. I refused to serve on the conference committee. The chairman thought he was very generous when he indicated to the leadership that he would like to have the Members of the Housing Subcommittee, who are 2 to 1 or 3 to 1 or 4 to 1 for the Senate bill, named as conferees.

The press has reported this bill as a \$4.9 billion bill—less than the Senate bill. As a matter of fact, it provides more than the Senate bill. The Senate adds for current spending for housing in the next fiscal year some \$485 million. The House adds for current spending in the next budget approximately \$628 million.

If any member of the press went to a bank and refused to disclose he had made commitments over a 40-year period totaling \$3,100 million and got a loan on that basis, he could be prosecuted. Time after time I have pointed

out on the floor of the Senate that the bill commits this Government unconditionally to make annual grants, for approximately 100,000 units averaging about \$14,000 each, involving a maximum commitment of more than \$3 billion for principal and interest over 40 years. Yet I cannot get the press to carry that as a liability.

Once more, Mr. President, I ask unanimous consent to have printed at this point in the RECORD a comparative statement with regard to the bill as passed by the Senate and by the House, to show the effects within a year; and a comparative statement of all the unconditional promises, which will extend, ultimately, as long as 40 years. These statements show that under the Senate bill there would be an obligation of \$9.2 billion, and under the House bill an obligation of \$10 billion.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

Comparison of major loan and grant authorizations in S. 1922, as passed by the Senate and as amended by the House

[In millions]

Subject	Authorization		Larger bill has excess of—	
	Senate	House	Senate	House
FNMA special assistance.....	\$750	¹ \$1,575		\$825
Loan programs:				
College housing loans.....	1,350	1,200	\$150	
Public facility loans.....	150	500		350
(Mass transportation).....	(100)	(²)	(100)	
Housing for the elderly loans.....	50	100		50
VA direct housing loans.....	1,200	¹ 1,200		
SBA disaster loans.....	50	(²)	50	
Public works planning loans.....	(²)	10		10
Farm housing loans.....	(²)	200		200
Subtotal, loans.....	2,800	3,210	200	610
Grant programs:				
Urban renewal grants.....	2,500	2,000	500	
(Mass transportation).....	(50)	(²)	(50)	
Urban planning assistance grants.....	80	30	50	
Public housing:				
Annual contributions.....	3,100	3,100		
Demonstration grants.....	10	10		
Open space.....	(²)	100		100
Farm housing research.....	(²)	1		1
Defense hospitals.....	(²)	15		15
Subtotal, grants.....	5,690	5,256	550	116
Grand total.....	9,240	¹ 10,041	750	¹ 1,551

¹ Includes \$750,000,000 FNMA additional at Presidential discretion, plus \$25,000,000 for defense housing, plus about \$200,000,000 transferred from program No. 10, plus an estimated \$600,000,000 in mortgage repayments transferred from the management and liquidation fund over 4 years. (The management and liquidation fund repayments could amount to as much as the entire portfolio of \$1,600,000,000 if completely liquidated.)

² No provision.

³ In H. R. 5723, as passed by the House.

Comparison of estimated net budget expenditures in the fiscal year 1962 under the major loan and grant authorizations in S. 1922, as passed by the Senate and as amended by the House

[In millions]

Subject	Net budget expenditure	
	Senate	House
FNMA special assistance.....	\$65	\$232
Loan programs:		
College housing loans.....	10	10
Public facility loans.....	25	50
(Mass transportation).....	(10)	
Housing for the elderly loans.....	10	20
VA direct housing loans.....	300	¹ 300
SBA disaster loans.....	25	(²)
Public works planning loans.....		
Farm housing loans.....	40	
Subtotal, loans.....	410	380
Grant programs:		
Urban renewal grants.....	5	3
(Mass transportation).....	(²)	3
Urban planning assistance grants.....	3	3
Public housing:		
Annual contributions.....		
Demonstration grants.....	2	
Open space.....		10
Farm housing research.....		
Defense hospitals.....		
Subtotal, grants.....	10	16
Grand total.....	485	628

¹ Assumes outlays are identical to estimate given under Senate bill.

² No provision.

NOTE.—Based on data submitted by Senator Sparkman, CONGRESSIONAL RECORD, June 12, 1961, p. 9309, plus H. Rept. 447, p. 52.

EXECUTIVE COMMUNICATIONS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following communication and letters, which were referred as indicated:

EXPANSION OF SALINE WATER CONVERSION PROGRAM

A communication from the President of the United States, transmitting a draft of proposed legislation to expand and extend the saline water conversion program being conducted by the Secretary of the Interior (with accompanying papers); to the Committee on Interior and Insular Affairs.

AMENDMENT OF ACT RELATING TO IMPORTATION OF HONEYBEES

A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to amend the act relating to the importation of adult honeybees (with an accompanying paper), to the Committee on Agriculture and Forestry.

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7. EDUCATIONAL EXCHANGES. Began debate on S. 1154, to provide for the improvement and strengthening of the educational and cultural exchange program. pp. 10576, 10580-5
8. EDUCATION. Sen. Mundt and others urged enactment of legislation to extend the program of Federal aid to schools in Federally-impacted areas. pp. 10552-3
9. FOREIGN TRADE. Sen. Javits inserted a newspaper article, "New Policy Due on Foreign Trade," stating that "The Kennedy Administration must soon get to work on the detailed drafting of its own foreign trade policy." pp. 10556-7
10. AREA REDEVELOPMENT. Sen. Ervin inserted his statement commending the area re-development program. p. 10559
11. HOUSING. Sen. Sparkman commended the conference report on the housing bill and urged early consideration of the report. pp. 10596-7
Sen. Bush criticized the conference report on the housing bill and urged the Senate to reject the report and instruct the Banking and Currency Committee to report "to the floor a new housing bill which recognizes the need for fiscal prudence in domestic programs." pp. 10615-7
12. NOMINATION. Received the nomination of Robert E. Hampton to be a Civil Service Commissioner. p. 10619
13. LEGISLATIVE PROGRAM. Sen. Mansfield announced that the conference report on the housing bill, and H. R. 7677, to increase the public debt limit, will be considered today, and that S. 1154, the educational exchange bill, will be considered on Thurs. p. 10610

HOUSE

14. HOUSING; FARM LOANS. Received the conference report on S. 1922, the omnibus housing bill (H. Rept. 602), retaining the Senate amendment making lessees of farmland eligible for farm housing assistance under title V of the Housing Act of 1949. For additional items of interest to this Department, see Digest 95. pp. 10644-60, 10668
15. VETERANS' LOANS. Agreed to the Senate amendment, with an amendment by Rep. Teague, Tex., on H. R. 5723, to extend the veterans' guaranteed and direct home loan program. pp. 10620-1
16. APPROPRIATIONS. Began debate on H. R. 7851, the Defense appropriation bill. pp. 10621-43
The Appropriations Committee was granted until midnight Mon., July 10, to file a report on the D. C. appropriation bill. p. 10644
17. ATOMIC ENERGY. The Rules Committee reported a resolution for consideration of H. R. 7576, to authorize appropriations for the Atomic Energy Commission. p. 10668
18. WATER POLLUTION CONTROL. Conferees were appointed on H. R. 6441, to amend the Federal Water Pollution Control Act to provide for a more effective program of water pollution control. Senate conferees have already been appointed. pp. 10643-4
19. RECLAMATION. Rep. Aspinall discussed the Federal reclamation programs and said, "Reclamation farms are more than twice as productive, acre for acre, as other farms." pp. 10662-5

20. PUBLIC DEBT. Reps. Dominick and Battin criticized the proposal to raise the public debt limit. pp. 10666-7
21. PERSONNEL. The Post Office and Civil Service Committee reported with amendments H. R. 2555, to provide for allotment and advancement of pay with respect to civilian employees of the U. S. in cases of emergency evacuation in overseas areas (H. Rept. 584). p. 10668
The Rules Committee reported a resolution for consideration of H. R. 6141, to amend the act of September 1, 1954, in order to limit to cases involving the national security the prohibition on payment of annuities and retired pay to officers and employees of the U. S. p. 10668
22. WATERSHEDS. The Agriculture Committee voted to report with amendments (but did not actually report) H. R. 3462, to amend the Watershed Protection and Flood Prevention Act to permit certain new organizations to sponsor works of improvement thereunder. p. D511
23. GRAPES AND PLUMS. The Agriculture Committee voted to report (but did not actually report) H. R. 6253, to permit exemption of certain grapes and plums from the act of September 2, 1960, requiring standards for exported grapes and plums. p. D511
24. EDUCATION. The Education and Labor Committee "Met in executive session and ordered a clean bill introduced in the House in lieu of H. R. 6774, to extend and improve the National Defense Education Act." p. D511
25. DELAWARE RIVER BASIN. The Rules Committee granted a rule for the consideration of H. J. Res. 225, to grant the consent of Congress to the Delaware River Basin Compact. p. D512
26. LEGISLATIVE PROGRAM. Rep. McCormack announced that the conference report on the housing bill will be considered today, June 28, and probably H. R. 7678, to amend the Tariff Act of 1930 to provide for the free importation of wild animals and wild birds which are intended for exhibition in the U. S. (p. 10660). Agreed to consider the D. C. appropriation bill Wed., July 12 (p. 10641).

ITEMS IN APPENDIX

27. ELECTRIFICATION. Extension of remarks of Rep. Van Zandt inserting an editorial, "Public Power Advocates Wedge Into A-Energy Field." pp. A4830-2
28. RESEARCH. Extension of remarks of Sen. Anderson inserting two articles favoring expansion and development of saline water conversion programs. pp. A4832-3
29. SOCIAL SECURITY. Extension of remarks of Rep. Marshall inserting an article, "Social Security Gives Farm People Independence," and stating that it is an interesting study on the attitude of farmers toward social security. pp. A4836-7
30. BUDGET; PUBLIC DEBT. Speech in the House by Rep. Udall during debate on the bill to increase the public debt limit. pp. A4842-4
31. PERSONNEL. Extension of remarks of Rep. Daddario commending and inserting a review of Dr. Earl Lindveit's book, "Scientists in Government." p. A4845

they have done extremely well and the entire system is quite reliable for the initial period of its development. There is every reason to believe that continued improvement both as to quality and performance will be achieved as the Navy continues to bring more of these powerful ships into being on an accelerated schedule. To me, the Polaris system is an indication that as we go more and more into the time area of these tremendous weapons, satellites, space travel, and like it seems that the seas, the open oceans of the world, become increasingly attractive as a place in which to base these tremendous weapons of war. These great submarines moving beneath the water cannot be detected by satellites circling around this globe and their ability to move from one part of the world to another via the open oceans, make it a most powerful weapon indeed.

The significance of this weapon in our arsenal can hardly be overestimated. Cruising silently and quietly in the great depths of the oceans with thousands of square miles available to them, surrounded by friendly land masses not available to potential enemies for erection of detection devices, the Polaris submarines can be considered relatively invulnerable to surprise attack. Each of these submarines, packing more punch in TNT equivalent than all of the bombs dropped by both sides in World War II, including the two A-bombs, makes a marked contribution to the defense posture of this country. The long, 20-year life of the Polaris submarine is a welcome contrast to high obsolescent rate weapons of other types which fit into our deterrent defense arsenal. It is felt that this weapon system should do much to stabilize the larger expenditures which this country necessarily must make to provide an appropriate major war defense capability.

These characteristics and the fine performance of the naval industrial team was recognized by our President when he showed special confidence in the system by bringing forward into fiscal 1961, 5 Polaris submarines which had been programmed for fiscal year 1962, making a total of 10 in fiscal year 1961 for a grand total through that year of 19 Polaris submarines, built or building. Then, again in fiscal year 1962, the President has asked that the Congress authorize and appropriate funds for 10 additional submarines for a total of 29 submarines through fiscal year 1962.

Included in the fiscal year 1962 program are funds for new, more powerful, and longer range missiles, the A-3, which will add four times the sea room which these can use and still keep targets under surveillance. Result of this acceleration and augmentation will cause these submarines to be produced at the rate of about one a month about 2 years from now and these should provide a most welcome addition to our defense posture.

There are no long leadtime items in fiscal year 1962 for submarines in fiscal year 1963. In response to questions, it is my understanding that the Secretary of Defense has stated that studies are

now underway to determine what the particular mix of weapons of this kind should be and that when this is decided that there may be or may not be requirements for long leadtime items for future Polaris submarines. It takes some 42 months to build, construct and provide a well-equipped Polaris submarine to the fleet. This long leadtime has in the past been cut to some 30-odd months through Congress in a timely way providing certain long leadtime items a year ahead of the actual laying-down of the submarines. When one takes a look at the intricate construction of one of these tremendous submarines we all can be proud of the ingenuity and skill of the American people which has brought into being some 3 years ahead of schedule this tremendous weapon system. Free men working in a free society can always lead the way if properly motivated and properly lead.

Mr. Chairman, my prayerful hope is that it will never be necessary to fire a single one of our Polaris missiles in anger, but it is comforting to know that through the years ahead increasing numbers of missiles will be added to the fleet, and each one will be capable of being fired on a fixed target with deadly accuracy and with a tremendously destructive warhead, from hidden bases.

These well known facts should make any potential enemy stop, look and listen.

(Mr. SEELY-BROWN (at the request of Mr. FORD) was given permission to extend his remarks at this point in the RECORD.)

Mr. SEELY-BROWN. Mr. Chairman, I have followed with interest the presentation by the able floor manager of this bill, and I would like to comment very briefly about a reference in the committee report on the Department of Defense appropriation bill, because it supports a cause in which I have labored—vainly up to now, I might add.

On page 42 of the committee's printed report on this bill, under the subtitle "Proper Utilization of Production Facilities," the committee says:

Maximum advantage should be taken of both public and private facilities to insure, not only that such a base is available in the event of mobilization, but that proper use is made of all competition possible in the various procurement areas. Particularly is there a need for further studies of the policies relating to the awarding of contracts to private and naval shipyards. The committee is not convinced that the Department of the Navy is taking proper advantage of the strong element of competition which is available in the shipbuilding and repair field.

It was my own realization of this fact, Mr. Chairman, which moved me, earlier in this session, to introduce H.R. 5357, under the provisions of which at least 75 percent of all remodeling, modernization and repair of naval vessels would be required to be done in private shipyards.

The Department of Defense objected, said it would tie its hands, and would be contrary to the best interests of the national defense, and that was the end of that.

However, the powerful Appropriations Committee has now made the same point that I was trying to make, and I believe

that we have here a subject which deserves serious consideration and action, and not to be dismissed out of hand, as it has been.

(Mr. ROUDEBUSH (at the request of Mr. FORD) was given permission to extend his remarks at this point in the RECORD.)

Mr. ROUDEBUSH. Mr. Chairman, I rise to compliment the gentleman from Texas and the Committee on Appropriations for the Department of Defense appropriations bill for 1962.

I would especially like to comment on page 7 of that report, concerning long-range bomber production in the United States.

It is noted that the committee recommends a total appropriation for the production of long-range bombers in the sum of \$448,840,000, and especially note that the committee specifically recommends that first preference in the use of available funds be given to the acceleration of the B-70 bomber program.

I certainly concur with the committee in its decision that the Department of Defense has gone too far in proposing the discontinuation during calendar year 1962 of production of the B-52 and B-58 bomber while at the same time restricting the development of other manned bombers, especially the B-70.

It has long been felt that our very formidable force of manned bombers constitute the greatest deterrent to war, and the recommendations of this committee will provide adequate funds to assure us of an adequate force of such manned bombers.

I am acutely aware of the limitations of both intercontinental and intermediate range missiles, and I feel that every citizen of the United States feels a great sense of relief in these battle-ready squadrons of heavy bombers deployed throughout the world. The airborne alert practices and capabilities of such force, to me, provides a great assurance of the ability to perform massive retaliation in case of attack. I sincerely hope that the total appropriation for long-range bombers earmarked in this bill be approved by this body.

Mr. MAHON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. KEOGH, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7851) making appropriations for the Department of Defense for the fiscal year ending June 30, 1962, and for other purposes, had come to no resolution thereon.

WATER POLLUTION CONTROL

Mr. BLATNIK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 6441) to amend the Federal Water Pollution Control Act to provide for a more effective program of water pollution control, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference requested by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

The Chair hears none, and appoints the following conferees: Messrs. BLATNIK, FALLON, JONES of Alabama, SMITH of Mississippi, CRAMER, BALDWIN, and SCHWENDEL.

PERMISSION TO REVISE AND EXTEND REMARKS ON DEFENSE APPROPRIATION BILL

Mr. MAHON. Mr. Speaker, I ask unanimous consent that all Members who spoke on the Defense appropriation bill today be permitted to revise and extend their remarks.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

HEIRS OF ANTHONY BOURBONNAIS

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4500) to donate to the heirs of Anthony Bourbonnais approximately thirty-six one-hundredths acre of land in Pottawatomie County, Okla., with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Line 10, after "less" insert: ", subject to a reservation to the United States of a right of access across such land whenever needed for public purposes."

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

DISTRICT OF COLUMBIA APPROPRIATION BILL, 1962

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations have until midnight Monday, July 10, to file a report on the District of Columbia appropriation bill, 1962.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. FORD reserved all points of order on the bill.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that it may be in order to consider the District of Columbia appropriation bill in the House on Wednesday, July 12.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

HOUSING BILL

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the con-

ferees may have until midnight tonight to file a conference report on the bill S. 1922, the omnibus housing bill.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The conference report and statement follow:

CONFERENCE REPORT (H. REPT. No. 602)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That this Act may be cited as the 'Housing Act of 1961'."

"TITLE I—NEW HOUSING PROGRAMS

"Housing for moderate income families

"SEC. 101. (a) Section 221 of the National Housing Act is amended by—

"(1) inserting before the text of such section a section heading as follows:

"'Housing for moderate income and displaced families';

"(2) striking out subsection (a) and inserting in lieu thereof the following:

"' (a) This section is designed to assist private industry in providing housing for low and moderate income families and families displaced from urban renewal areas or as a result of governmental action.';

"(3) inserting in subsection (b) after 'any mortgage' the following: '(including advances during construction on mortgages covering property of the character described in paragraphs (3) and (4) of subsection (d) of this section)';

"(4) striking out in subsection (d) (2) '(A) not to exceed' and all that follows down through 'other prepaid expenses' and inserting in lieu thereof the following: '(A) not to exceed (i) \$11,000 in the case of a property upon which there is located a dwelling designed principally for a single-family residence, (ii) \$18,000 in the case of a property upon which there is located a dwelling designed principally for a two-family residence, (iii) \$27,000 in the case of a property upon which there is located a dwelling designed principally for a three-family residence, or (iv) \$33,000 in the case of a property upon which there is located a dwelling designed principally for a four-family residence: *Provided*, That a mortgage secured by property upon which there is located a dwelling designed principally for a two-, three-, or four-family residence shall not be insured under this section except in the case of a dwelling for occupancy by a family displaced from an urban renewal area or as a result of governmental action: *Provided further*, That the Commissioner may increase the foregoing amounts to not to exceed \$15,000, \$25,000, \$32,000, and \$38,000, respectively, in any geographical area where he finds that cost levels so require; and (B) not to exceed the appraised value of the property (as of the date the mortgage is accepted for insurance): *Provided*, That (1) if the mortgagor is the owner and an occupant of the property at the time of insurance, (1) in the case of a family displaced from an urban renewal area or as a result of Government action, he shall have paid on account of the property at least \$200 in the case of a single-

family dwelling, \$400 in the case of a two-family dwelling, \$600 in the case of a three-family dwelling, and \$800 in the case of a four-family dwelling, or (2) in the case of any other family, he shall have paid on account of the property at least 3 per centum of the Commissioner's estimate of its acquisition cost; which amount in either instance may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses; or (ii) in the case of repair and rehabilitation, the amount of the mortgage shall not exceed the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation, except that in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property';

"(5) striking out the last proviso in subsection (d) (2);

"(6) striking out subsection (d) (3) and inserting in lieu thereof the following:

"'(3) if executed by a mortgagor which is a public body or agency (and which certifies that it is not receiving financial assistance from the United States exclusively pursuant to the United States Housing Act of 1937), a cooperative (including an investor-sponsor who meets such requirements as the Commissioner may impose to assure that the consumer interest is protected), or a limited dividend corporation (as defined by the Commissioner), or a private nonprofit corporation or association regulated or supervised under Federal or State laws or by political subdivisions of States, or agencies thereof, or by the Commissioner under a regulatory agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such manner as in the opinion of the Commissioner will effectuate the purposes of this section—

"'(i) not exceed \$12,500,000;

"'(ii) not exceed for such part of such property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$2,250 per room (or \$8,500 per family unit if the number of rooms in such property or project is less than four per family unit), except that the Commissioner may in his discretion increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,750 per room, and the dollar amount limitation of \$8,500 per family unit to not to exceed \$9,000 per family unit, as the case may be, to compensate for higher costs incident to the construction of elevator-type structures of sound standards of construction and design, and except that the Commissioner may increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,000 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require; and

"'(iii) not exceed (1) in the case of new construction, the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner), or (2) in the case of repair and rehabilitation, the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation: *Provided*, That in no case involving refinancing shall such mortgage exceed such

estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project: *Provided further*, That such property or project, when constructed, or repaired and rehabilitated, shall be for use as a rental or cooperative project, and low and moderate income families or families displaced by urban renewal or other governmental action shall be eligible for occupancy in accordance with such regulations and procedures as may be prescribed by the Commissioner and the Commissioner may adopt such requirements as he determines to be desirable regarding consultation with local public officials where such consultation is appropriate by reason of the relationship of such project to projects under other local programs; or;

"(7) striking out in subsection (d)(4) 'which is not a nonprofit organization' and inserting in lieu thereof 'other than a mortgage referred to in subsection (d)(3)';

"(8) striking out subsection (d)(4)(ii) and inserting in lieu thereof the following:

"(ii) not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$2,250 per room (or \$8,500 per family unit if the number of rooms in such property or project is less than four per family unit), except that the Commissioner may in his discretion increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,750 per room, and the dollar amount limitation of \$8,500 per family unit to not to exceed \$9,000 per family unit, as the case may be, to compensate for higher costs incident to the construction of elevator type structures of sound standards of construction and design, and except that the Commissioner may increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,000 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require;";

"(9) striking out in subsection (d)(4)(iv) all that follows '(iv)' down through 'And provided further' and inserting in lieu thereof the following: 'not exceed 90 per centum of the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation if the proceeds of the mortgage are to be used for the repair and rehabilitation of a property or project: *Provided*, That in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project: *Provided further*,'

"(10) striking out 'and' at the end of subsection (d)(4), striking out in subsection (d)(5) 'provide for complete amortization' and all that follows down through 'lessor,' striking out the period at the end of subsection (d)(5) and inserting in lieu thereof 'and', and adding after subsection (d)(5) the following:

"(6) provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but as to mortgages coming within the provisions of subsection (d)(2) not to exceed from the date of the beginning of amortization of the mortgage (i) 40 years in the case of a family displaced from an urban renewal area or as a result of governmental action, (ii) 35 years in the case of any other family if the mortgage is approved for insurance prior to construction, except that the period in such case may be increased to not more than 40 years where the mortgagor is an owner-occupant of the property and is not able, as determined by the Commissioner, to

make the required payments under a mortgage having a shorter amortization period, and (iii) 30 years in the case of any other family where the mortgage is not approved for insurance prior to construction: *Provided*, That no mortgage insured under subsection (d)(2) shall have a maturity exceeding three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements.'

"(11) inserting before the period at the end of subsection (d)(5) the following: 'Provided, That a mortgage insured under the provisions of subsection (d)(3) shall bear interest (exclusive of any premium charges for insurance and service charge, if any) at not less than the annual rate of interest determined, from time to time by the Secretary of the Treasury at the request of the Commissioner, by estimating the average market yield to maturity on all outstanding marketable obligations of the United States, and by adjusting such yield to the nearest one-eighth of 1 per centum, and there shall be no differentiation in the rate of interest charged under this proviso as between mortgagors under subsection (d)(3) on the basis of differences in the types or classes of such mortgagors';

"(12) inserting the following at the end of subsection (f): 'A property or project covered by a mortgage insured under the provisions of subsection (d)(3) or (d)(4) shall include five or more family units. The Commissioner is authorized to adopt such procedures and requirements as he determines are desirable to assure that the dwelling accommodations provided under this section are available to families displaced from urban renewal areas or as a result of governmental action. Notwithstanding any provision of this Act, the Commissioner, in order to assist further the provision of housing for low and moderate income families, in his discretion and under such conditions as he may prescribe, may insure a mortgage which meets the requirements of subsection (d)(3) of this section as in effect after the date of enactment of the Housing Act of 1961, with no premium charge, with a reduced premium charge, or with a premium charge for such period or periods during the time the insurance is in effect as the Commissioner may determine, and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to reimburse the Section 221 Housing Insurance Fund for any net losses in connection with such insurance. No mortgage shall be insured under subsection (d)(2) or (d)(4) after July 1, 1963, or under subsection (d)(3) after July 1, 1965, except pursuant to a commitment to insure before that date, or except a mortgage covering property which the Commissioner finds will assist in the provision of housing for families displaced from urban renewal areas or as a result of governmental action.'

"(13) redesignating paragraph (3) of subsection (g) as paragraph (4) and inserting after paragraph (2) of subsection (g) a new paragraph as follows:

"(3) as to mortgages meeting the requirements of this section which are insured or initially endorsed for insurance on or after the date of enactment of the Housing Act of 1961, notwithstanding the provisions of paragraphs (1) and (2) of this subsection, the Commissioner in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such paragraphs in cash or in debentures (as provided in the mortgage insurance contract), or may acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan

plus any accrued interest and any advances approved by the Commissioner and made previously by the mortgagee under the provisions of the mortgage, and after the acquisition of any such mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan. The appropriate provisions of sections 204 and 207 relating to the issuance of debentures shall apply with respect to debentures issued under this paragraph, and the appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this paragraph, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages so acquired (A) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 221 Housing Insurance Fund, (B) all references in section 204 to section 203 shall be construed to refer to this section, and (C) all references in section 207 to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Section 221 Housing Insurance Fund; or';

"(14) striking out in paragraph (4) of subsection (g) (as redesignated by the preceding paragraph) the phrase 'this paragraph (3)', each place it appears, and inserting in lieu thereof 'this paragraph'; and

"(15) inserting in the last sentence of subsection (h) after 'cash adjustments,' the following: 'cash payments,'

"(b) Section 101(c) of the Housing Act of 1949 is amended by—

"(1) striking out 'under section 220 or 221' and inserting in lieu thereof 'under section 220 or section 221(d)(3)';

"(2) striking out 'of section 220(d), or under section 221 of the National Housing Act, as amended, if the mortgaged property is in an area described in clause (3) of section 221(a) of said Act, or in a community referred to in clause (2)(B) of said section' and inserting in lieu thereof 'of section 220(d) of the National Housing Act'; and

"(3) striking out clause (iii) and renumbering clause (iv) as clause (iii).

"(c) Section 305 of the National Housing Act is amended by adding at the end thereof of a new subsection as follows:

"(h) Notwithstanding clause (2) of section 302(b) and any provision of this Act which is inconsistent with this subsection, the Association is authorized (subject to Presidential action as provided in subsection (a), as limited by subsection (c)) to purchase pursuant to commitments or otherwise, and to service, sell, or otherwise deal in, mortgages insured under the provisions of section 221(d)(3) of this Act.'

"(d) Section 223 of the National Housing Act is amended by redesignating subsection (b) as subsection (c), and by inserting after subsection (a) the following new subsection:

"(b) Notwithstanding any of the provisions of this title and without regard to limitations upon eligibility contained in section 221, the Commissioner may in his discretion insure under section 221(d)(3) any mortgage executed by a mortgagor of the character described therein where such mortgage is given to refinance a mortgage covering an existing property or project (other than a one- to four-family structure) located in an urban renewal area, if the Commissioner finds that such insurance will facilitate the occupancy of dwelling units in the property or project by families of low or moderate income or families displaced from an urban renewal area or displaced as a result of governmental action.'

"Home improvement and rehabilitation loans"

"SEC. 102. (a) Section 220 of the National Housing Act is amended by—

"(1) striking out the provisos in subsections (d) (3) (A) (i) and (d) (3) (B) (ii) and inserting in lieu thereof in each subsection the following: 'Provided, That in the case of properties other than new construction, the foregoing limitations upon the amount of the mortgage shall be based upon the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation rather than upon the Commissioner's estimate of the replacement cost: *Provided further*, That in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project';

"(2) striking out 'mortgage insurance' in subsection (a) and inserting in lieu thereof 'loan and mortgage insurance'; and

"(3) adding at the end thereof the following subsection:

"(h) (1) To assist further in the conservation, improvement, repair, and rehabilitation of property located in the area of an urban renewal project, as provided in paragraph (1) of subsection (d) of this section, the Commissioner is authorized upon such terms and conditions as he may prescribe to make commitments to insure and to insure home improvement loans (including advances during construction or improvement) made by financial institutions on and after the date of enactment of the Housing Act of 1961. As used in this subsection, "home improvement loan" means a loan, advance of credit, or purchase of an obligation representing a loan or advance of credit made for the purpose of financing the improvement of an existing structure (or in connection with an existing structure) which was constructed not less than ten years prior to the making of such loan, advance, or purchase, and which is used or will be used primarily for residential purposes: *Provided*, That a home improvement loan shall include a loan, advance, or purchase with respect to the improvement of a structure which was constructed less than ten years prior to the making of such loan, advance, or purchase if the proceeds are or will be used primarily for major structural improvements, or to correct defects which were not known at the time of the completion of the structure or which were caused by fire, flood, windstorm, or other casualty; "improvement" means conservation, repair, restoration, rehabilitation, conversion, alteration, enlargement, or remodeling; and "financial institution" means a lender approved by the Commissioner as eligible for insurance under section 2 or a mortgagee approved under section 203(b) (1).

"(2) To be eligible for insurance under this subsection, a home improvement loan shall—

"(i) not exceed the Commissioner's estimate of the cost of improvement, or \$10,000 per family unit, whichever is the lesser;

"(ii) be limited to an amount which when added to any outstanding indebtedness related to the property (as determined by the Commissioner) creates a total outstanding indebtedness which does not exceed the limits provided in subsection (d) (3) for properties (of the same type) other than new construction;

"(iii) bear interest at not to exceed a rate prescribed by the Commissioner, but not in excess of 6 per centum per annum of the amount of the principal obligation outstanding at any time, and such other charges (including such service charges, appraisal, inspection, and other fees) as may be approved by the Commissioner;

"(iv) have a maturity satisfactory to the Commissioner, but not to exceed twenty years from the beginning of amortization of the loan or three-quarters of the remaining economic life of the structure, whichever is the lesser;

"(v) comply with such other terms, conditions, and restrictions as the Commissioner may prescribe; and

"(vi) represent the obligation of a borrower who is the owner of the property improved, or a lessee of the property under a lease for not less than 99 years which is renewable or under a lease having a period of not less than 50 years to run from the date of the loan.

"(3) Any home improvement loan insured under this subsection may be refinanced and extended in accordance with such terms and conditions as the Commissioner may prescribe, but in no event for an additional amount or term in excess of the maximum provided for in this subsection.

"(4) There is hereby created a separate Section 220 Home Improvement Account to be maintained under the Section 220 Housing Insurance Fund and to be used by the Commissioner as a revolving fund for carrying out the provisions of this subsection. The Commissioner is authorized to transfer to such Account the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. Any premium charges, and appraisal and other fees received on account of the insurance of any home improvement loan accepted for insurance under this subsection, and the receipts derived from the sale, collection, deposit, or compromise of any evidence of debt, contract, claim, property, or security assigned to or held by the Commissioner in connection with the payment of insurance under this subsection, shall be credited to the Section 220 Home Improvement Account. Insurance claims under this subsection and expenses incurred in the handling, management, renovation, and disposal of any properties acquired by the Commissioner under this subsection shall be charged to the Section 220 Home Improvement Account. General expenses of operation of the Federal Housing Administration and other expenses incurred under this subsection may be charged to the Section 220 Home Improvement Account. Moneys in the Account not needed for the current operation of the Federal Housing Administration under this subsection shall be deposited with the Treasurer of the United States to the credit of the Account, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. In order to protect the solvency of the Section 220 Home Improvement Account, adequate security shall be taken in connection with loans insured under this subsection in such manner as the Commissioner may require.

"(5) The Commissioner is authorized to fix a premium charge for the insurance of home improvement loans under this subsection but in the case of any such loan such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the loan outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the financial institution either in cash or in debentures (at par plus accrued interest) issued by the Commissioner as obligations of the Section 220 Home Improvement Account, in such manner as may be prescribed by the Commissioner, and the Commissioner may require the payment of one or more such premium charges at the time the loan is insured, at such discount

rate as he may prescribe not in excess of the interest rate specified in the loan. If the Commissioner finds upon presentation of a loan for insurance and the tender of the initial premium charge or charges so required that the loan complies with the provisions of this subsection, such loan may be accepted for insurance by endorsement or otherwise as the Commissioner may prescribe. In the event the principal obligation of any loan accepted for insurance under this subsection is paid in full prior to the maturity date, the Commissioner is authorized to refund to the financial institution for the account of the borrower all, or such portions as he shall determine to be equitable, of the current unearned premium charges theretofore paid.

"(6) In cases of defaults on loans insured under this subsection, upon receiving notice of default, the Commissioner, in accordance with such regulations as he may prescribe, may acquire the loan and any security therefor upon payment to the financial institution in cash or in debentures (as provided in the loan insurance contract) of a total amount equal to the unpaid principal balance of the loan, plus any accrued interest, any advances approved by the Commissioner made previously by the financial institution under the provisions of the loan instruments, and reimbursement for such collection costs, court costs, and attorney fees as may be approved by the Commissioner.

"(7) Debentures issued under this subsection shall be executed in the name of the Section 220 Home Improvement Account as obligor, shall be signed by the Commissioner, by either his written or engraved signature, shall be negotiable, and shall be dated as of the date the loan is assigned to the Commissioner and shall bear interest from that date. They shall bear interest at a rate established by the Commissioner pursuant to section 224, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature ten years after their date of issuance. They shall be exempt from taxation as provided in section 207(1) with respect to debentures issued under that section. They shall be paid out of the Section 220 Home Improvement Account which shall be primarily liable therefor and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and the guaranty shall be expressed on the face of the debentures. In the event the Section 220 Home Improvement Account fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures. Debentures issued under this subsection shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury, and they may be in coupon or registered form. Any difference between the amount of the debentures to which the financial institution is entitled, and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Commissioner to the financial institution from the Section 220 Home Improvement Account.

"(8) The provisions of subsections (c), (d), and (h) of section 2 shall apply to home improvement loans insured under this subsection, and for the purposes of this subsection references in subsections (c), (d), and (h) of section 2 to "this section" or

"this title" shall be construed to refer to this subsection.

"(9)(A) Notwithstanding any other provisions of this Act, no home improvement loan executed in connection with the improvement of a structure for use as rental accommodations for five or more families shall be insured under this subsection unless the borrower has agreed (i) to certify, upon completion of the improvement and prior to final endorsement of the loan, either that the actual cost of improvement equaled or exceeded the proceeds of the home improvement loan, or the amount by which the proceeds of the loan exceed the actual cost, as the case may be, and (ii) to pay forthwith to the financial institution, for application to the reduction of the principal of the loan, the amount, if any, certified to be in excess of the actual cost of improvement. Upon the Commissioner's approval of the borrower's certification as required under this paragraph, the certification shall be final and incontestable, except for fraud or material misrepresentation on the part of the borrower.

"(B) As used in subparagraph (A), the term "actual cost" means the cost to the borrower of the improvement, including the amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organization and legal expenses, such allocations of general overhead items as are acceptable to the Commissioner, and other items of expense approved by the Commissioner, plus a reasonable allowance for builder's profit if the borrower is also the builder, as defined by the Commissioner, and excluding the amount of any kickbacks, rebates, or trade discounts received in connection with the improvement.

"(10) Notwithstanding any other provision of this Act, the Commissioner is authorized and empowered (i) to make expenditures and advances out of funds made available by this Act to preserve and protect his interest in any security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to, insured by, or acquired by the Commissioner or by the United States under this subsection, or section 2 or 203(k); and (ii) to bid for and to purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any loan or other indebtedness owing to or acquired by the Commissioner or by the United States under this subsection, or section 2 or 203(k). The authority conferred by this paragraph may be exercised as provided in the last sentence of section 204(g)."

"(b) Section 203 of the National Housing Act is amended by—

"(1) striking out in subsection (e) 'of the mortgage' and inserting in lieu thereof 'of the loan or mortgage';

"(2) striking out in subsection (e) 'approved mortgagee' each place it appears and inserting in lieu thereof 'approved financial institution or approved mortgagee'; and

"(3) adding at the end thereof the following subsection:

"(k) To supplement the mortgage insurance provisions of this section in order to assist the conservation, improvement, and alteration of housing, the Commissioner is authorized to make commitments to insure and to insure a home improvement loan (including advances during construction or improvement) under this subsection in accordance with the provisions of section 220 (h), except that (1) the structures improved shall be designed for occupancy by not more than four families and shall not be required to be located in the area of an urban renewal project, (2) the Commissioner shall find that the project with respect to which the loan is executed is economically sound,

(3) all funds received and all disbursements made shall be credited or charged, as appropriate, to a separate Section 203 Home Improvement Account to be maintained as hereinafter provided under the Mutual Mortgage Insurance Fund, and (4) insurance benefits shall be paid in debentures executed in the name of the Section 203 Home Improvement Account. For the purposes of this subsection, the Commissioner shall have all the authority provided in section 220(h). Debentures issued with respect to loans insured under this subsection shall be issued in accordance with sections 220(h)(6) and 220(h)(7), except that as applied to those loans references in section 220(h) to "this subsection" shall be construed to refer to this section 203(k), references to the Section 220 Home Improvement Account shall be construed to refer to the Section 203 Home Improvement Account, and references to the Section 220 Housing Insurance Fund shall be construed to refer to the Mutual Mortgage Insurance Fund. All of the provisions in section 220(h)(4) relative to the Section 220 Home Improvement Account shall be equally applicable to the Section 203 Home Improvement Account. There is hereby created a separate Section 203 Home Improvement Account under the Mutual Mortgage Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this subsection, and the Commissioner is authorized to transfer to such Account the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. The provisions of section 205(c) shall not be applicable to loans insured under this subsection."

"(c) Section 302(b) of the National Housing Act is amended by adding at the end thereof the following new sentence: 'For the purposes of this title, the term "mortgages" shall be inclusive of any mortgages or other loans insured under any of the provisions of the National Housing Act.'

"*Experimental housing mortgage insurance*

"Sec. 103. Title II of the National Housing Act is amended by adding at the end thereof the following section:

"*Experimental housing*

"Sec. 233. (a) In order to assist in lowering housing costs and improving housing standards, quality, livability, or durability or neighborhood design through the utilization of advanced housing technology, or experimental property standards, the Commissioner is authorized to insure and to make commitments to insure, under this section, mortgages (including, in the case of mortgages insured under subsection (b)(2) of this section, advances on such mortgages during construction) secured by properties including dwellings involving the utilization and testing of advanced technology in housing design, materials, or construction, or experimental property standards for neighborhood design if the Commissioner determines that (1) the property is an acceptable risk, giving consideration to the need for testing advanced housing technology or experimental property standards, (2) the utilization and testing of the advanced technology or experimental property standards involved will provide data or experience which the Commissioner deems to be significant in reducing housing costs or improving housing standards, quality, livability, or durability, or improving neighborhood design, and (3) the mortgages are eligible for insurance under the provisions of this section and under any further terms and conditions which may be prescribed by the Commissioner to establish the acceptability of the mortgages for insurance.

"(b) To be eligible for insurance under this section a mortgage shall—

"(1) meet the requirements of section 203(b), except that the maximum principal obligation of the mortgage as computed under clauses (i), (ii), and (iii) of section 203 (b)(2) shall be determined on the basis of the Commissioner's estimate of the cost of replacing the property using comparable conventional design, materials, and construction rather than value, and the proviso in section 203(b)(8) shall not be applicable to mortgages insured under this section; or

"(2) meet the requirements of section 207 (b) and section 207(c), except that the maximum principal obligation of the mortgage as computed under section 207(c)(2) shall be determined on the basis of the Commissioner's estimate of the cost of replacing the property using comparable conventional design, materials, and construction rather than value.

"(c) The Commissioner may enter into such contracts, agreements, and financial undertakings with the mortgagor and others as he deems necessary or desirable to carry out the purposes of this section, and may expend available funds for such purposes, including the correction (when he determines it necessary to protect the occupants), at any time subsequent to insurance of a mortgage, of defects or failures in the dwellings which the Commissioner finds are caused by or related to the advanced housing technology utilized in their design or construction or experimental property standards.

"(d) The Commissioner may make such investigations and analyses of data, and publish and distribute such reports, as he determines to be necessary or desirable to assure the most beneficial use of the data and information to be acquired as a result of this section.

"(e) Any mortgagee under a mortgage insured under subsection (b)(1) of this section shall be entitled to the benefits of the insurance as provided in section 204(a) with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall apply to the mortgages insured under subsection (b)(1), except that as applied to those mortgages (1) all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Experimental Housing Insurance Fund, and (2) all references therein to section 203 shall be construed to refer to this section.

"(f) Any mortgagee under a mortgage insured under subsection (b)(2) of this section shall be entitled to the benefits of the insurance as provided in section 207(g) with respect to mortgages insured under section 207, and the provisions of subsections (d), (e), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 shall apply to the mortgages insured under subsection (b)(2) of this section, except that as applied to those mortgages (1) all references therein to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Experimental Housing Insurance Fund, and (2) all references therein to "this section" shall be construed to refer to this section 233.

"(g) Notwithstanding the provisions of subsections (e) and (f) of this section, in the case of default on any mortgage insured under this section, the Commissioner in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such subsections in cash or in debentures (as provided in the mortgage insurance contract), or may acquire the mortgage loan and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances

approved by the Commissioner made previously by the mortgagee under the provisions of the mortgage. After the acquisition of the mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the mortgage. The appropriate provisions of sections 204 and 207 relating to the issuance of debentures shall apply with respect to debentures issued under this subsection, and the appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this subsection, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages insured under this section (1) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Experimental Housing Insurance Fund, (2) all references in section 204 to section 203 shall be construed to refer to this section, and (3) all references in section 207 to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Experimental Housing Insurance Fund.

"(h) There is hereby created an Experimental Housing Insurance Fund to be used by the Commissioner as a revolving fund to carry out the provisions of this section, and the Commissioner is directed to transfer the sum of \$1,000,000 to the Fund from the War Housing Insurance Fund created by section 602 of this Act. General expenses of operation of the Federal Housing Administration and other expenses incurred under this section may be charged to the Experimental Housing Insurance Fund."

"Individually owned units in multifamily structures"

"SEC. 104. Title II of the National Housing Act is amended by adding after section 233 (as added by section 103 of this Act) the following section:

"Mortgage insurance for individually owned units in multifamily structures"

"SEC. 234. (a) The purpose of this section is to provide an additional means of increasing the supply of privately owned dwelling units where, under the laws of the State in which the property is located, real property title and ownership are established with respect to a one-family unit which is part of a multifamily structure.

"(b) The terms 'mortgage', 'mortgagee', 'mortgagor', 'maturity date', and 'State' shall have the meanings respectively set forth in section 201, except that the term 'mortgage' for the purposes of this section may include a first mortgage given to secure the unpaid purchase price of a fee interest in, or a long-term leasehold interest in, a one-family unit in a multifamily structure and an undivided interest in the common areas and facilities which serve the structure where the mortgage is determined by the Commissioner to be eligible for insurance under this section. The term 'common areas and facilities' as used in this section shall be deemed to include the land and such commercial, community, and other facilities as are approved by the Commissioner.

"(c) The Commissioner is authorized, in his discretion and under such terms and conditions as he may prescribe (including the minimum number of family units in the structure which shall be offered for sale and provisions for the protection of the consumer and the public interest), to insure any mortgage covering a one-family unit in a multifamily structure and an undivided interest in the common areas and facilities which serve the structure, if (1) the mortgage meets the requirements of this section

and of section 203(b), except as that section is modified by this section, (2) the structure is or has been covered by a mortgage insured under another section (except section 213) of this Act, notwithstanding any requirements in any such section that the structure be constructed or rehabilitated for the purpose of providing rental housing, and (3) the mortgagor is acquiring, or has acquired, a family unit covered by a mortgage insured under this section for his own use and occupancy and will not own more than four one-family units covered by mortgages insured under this section. Any project proposed to be constructed or rehabilitated after the date of enactment of the Housing Act of 1961 with the assistance of mortgage insurance under this Act, where the sale of family units is to be assisted with mortgage insurance under this section, shall be subject to such requirements as the Commissioner may prescribe. To be eligible for insurance pursuant to this section a mortgage shall (A) involve a principal obligation in an amount not to exceed the limits per room and per family dwelling unit provided by section 207(c)(3), and not to exceed the sum of (i) 97 per centum of \$13,500 of the amount which the Commissioner estimates will be the appraised value of the family unit including common areas and facilities as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of \$13,500 but not in excess of \$18,000, and (iii) 70 per centum of such value in excess of \$18,000, and (B) have a maturity satisfactory to the Commissioner but not to exceed, in any event, thirty years from the date of the beginning of amortization of the mortgage or three-fourths of the Commissioner's estimate of the remaining economic life of the structure, whichever is the lesser. In determining the amount of a mortgage in the case of a nonoccupant mortgagor the reference to paragraph (2) of section 203(b) in section 203(b)(8) shall be construed to refer to the preceding sentence in this section. The mortgage shall contain such provisions as the Commissioner determines to be necessary for the maintenance of common areas and facilities and the multifamily structure. The mortgagor shall have exclusive right to the use of the one-family unit covered by the mortgage and, together with the owners of other units in the multifamily structure, shall have the right to the use of the common areas and facilities serving the structure and the obligation of maintaining all such common areas and facilities. The Commissioner may require that the rights and obligations of the mortgagor and the owners of other dwelling units in the structure shall be subject to such controls as he determines to be necessary and feasible to promote and protect individual owners, the multifamily structure, and its occupants. For the purposes of this section, the Commissioner is authorized in his discretion and under such terms and conditions as he may prescribe to permit one-family units and interests in common areas and facilities in multifamily structures covered by mortgages insured under any section of this Act (other than section 213) to be released from the liens of those mortgages.

"(d) Any mortgagee under a mortgage insured under this section is entitled to receive the benefits of the insurance as provided in section 204(a) of this Act with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall be applicable to the mortgages insured under this section, except that (1) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Apartment Unit Insurance Fund, (2) all references therein to section 203 shall be construed to refer to this section, and (3) the excess remaining, referred to in section

204(f)(1), shall be retained by the Commissioner and credited to the Apartment Unit Insurance Fund.

"(e) There is hereby created the Apartment Unit Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section. The Commissioner is authorized to transfer to the Fund the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Apartment Unit Insurance Fund. The provisions of the second and third paragraphs of section 220(g) shall be applicable to the Apartment Unit Insurance Fund and to this section, all references therein to the Section 220 Housing Insurance Fund or the Fund shall be construed to refer to the Apartment Unit Insurance Fund, and all references therein to 'this section' shall be construed to refer to this section 234.

"(f) The provisions of sections 225, 229, and 230 shall be applicable to the mortgages insured under this section."

"TITLE II—HOUSING FOR ELDERLY PERSONS AND LOW INCOME FAMILIES"

"Housing for the elderly"

"Direct Loans"

"SEC. 201. (a) Section 202 of the Housing Act of 1959 is amended by—

"(1) inserting in subsection (a)(1) after the words 'private nonprofit corporations' the following: ', consumer cooperatives, or public bodies or agencies';

"(2) striking out subsection (a)(2) and inserting in lieu thereof the following:

"(2) In order to carry out the purpose of this section, the Administrator may make loans to any corporation (as defined in subsection (d)(2)), to any consumer cooperative, or to any public body or agency for the provision of rental or cooperative housing and related facilities for elderly families and elderly persons, except that (A) no such loan shall be made unless the applicant shows that it is unable to secure the necessary funds from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this section, (B) no such loan shall be made unless the Administrator finds that the construction will be undertaken in an economical manner and that it will not be of elaborate or extravagant design or materials, and (C) no such loan shall be made to a public body or agency unless it certifies that it is not receiving financial assistance from the United States exclusively pursuant to the United States Housing Act of 1937."

"(3) striking out in subsection (a)(3) 'A loan to a corporation under this section' and inserting in lieu thereof 'A loan under this section'; and

"(4) striking out in subsection (c)(3) 'corporation undertaking' and inserting in lieu thereof 'corporation, cooperative, or public body or agency undertaking'.

"(b) Section 202(a)(3) of such Act is amended by striking out '98 per centum of'.

"(c) Section 202(a)(4) of such Act is amended by striking out '\$50,000,000' and inserting in lieu thereof '\$125,000,000', and by striking out the second sentence.

"(d) Section 202 of such Act is further amended by adding at the end thereof the following new subsection:

"(e) Nothing in this section or in regulations promulgated under this section shall prevent a corporation or consumer cooperative from obtaining a loan under this section for the provision of housing and related facilities for elderly families and elderly persons, notwithstanding the fact that such corporation or cooperative has theretofore obtained a commitment from the Federal Housing Administration for mortgage insur-

ance under section 231 of the National Housing Act with respect to the housing involved, if (1) such corporation or cooperative is otherwise eligible for such loan under this section, (2) such commitment was obtained prior to the date of enactment of the Housing Act of 1961, and (3) the Administrator determines that the financing of such housing through a loan under this section rather than through mortgage insurance under such section 231 is necessary or desirable in order to avoid hardship for the elderly families and elderly persons who are the prospective tenants of such housing."

"Low-rent public housing

"Eligibility Requirement for Disabled Persons

"SEC. 202. Section 2 of the United States Housing Act of 1937 is amended by striking out the words 'has attained the age of fifty and' in the second and third sentences of paragraph (2), and by striking out paragraph (14) and renumbering paragraph (15) as paragraph (14).

"Additional Subsidy for Elderly Tenants

"SEC. 203. Section 10(a) of the United States Housing Act of 1937 is amended by inserting the following proviso before the period at the end of the third sentence thereof: "Provided, That the Authority may, in addition to the payments guaranteed under the contract, pay not to exceed \$120 per annum per dwelling unit occupied by an elderly family on the last day of the project fiscal year where such amount, in the determination of the Authority, was necessary to enable the public housing agency to lease the dwelling unit to the elderly family at a rental it could afford and to operate the project on a solvent basis".

"Dwelling Unit Authorization

"SEC. 204. (a) Section 10(e) of the United States Housing Act of 1937 is amended by striking out the first three sentences and inserting in lieu thereof the following: "The Authority is authorized to enter into contracts for annual contributions aggregating not more than \$336,000,000 per annum, but any such contracts for additional units for any one State shall not, after the date of enactment of the Housing Act of 1961, be entered into for more than 15 per centum of the aggregate amount not already guaranteed under contracts for annual contributions on such date: *Provided*, That no such new contract for additional units shall be entered into after the date of enactment of the Housing Act of 1961 except with respect to low-rent housing for a locality respecting which the Administrator has made the determination and certification relating to a workable program as prescribed in section 101(c) of the Housing Act of 1949, and the Authority shall enter into only such new contracts for preliminary loans as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into."

"(b) Section 10(i) of such Act is repealed; and section 15(10) of such Act is redesignated as section 10(i) and transferred (as so redesignated) to the place heretofore occupied by the section so repealed.

"(c) Section 21(d) of such Act is repealed.

"Greater Local Responsibility for Admission Policies

"SEC. 205. (a) Section 10(g) of the United States Housing Act of 1937 is amended to read as follows:

"(g) Every contract for annual contributions for any low-rent housing project shall provide that—

"(1) the maximum income limits fixed by the public housing agency shall be subject to the prior approval of the Authority and the Authority may require the agency to review and revise such limits if the Authority determines that changed conditions in the locality make such revisions necessary in achieving the purposes of the Act;

"(2) the public housing agency shall adopt and promulgate regulations establishing admission policies which shall give full consideration to its responsibility for the rehousing of those displaced by urban renewal or other governmental action, to the applicant's status as a serviceman or veteran or relationship to a serviceman or veteran or to a disabled serviceman or veteran, and to the applicant's age or disability, housing conditions, urgency of housing need, and source of income; and

"(3) the public housing agency shall determine, and so certify to the Authority, that each family in the project was admitted in accordance with duly adopted regulations and approved income limits; and the public housing agency shall make periodic reexaminations of the incomes of families living in the project and shall require any family whose income has increased beyond the approved maximum income limits for continued occupancy to move from the project unless the public housing agency determines that, due to special circumstances, the family is unable to find decent, safe and sanitary housing within its financial reach although making every reasonable effort to do so, in which event such family may be permitted to remain for the duration of such a situation if it pays an increased rent consistent with such family's increased income."

"(b) Sections 10(m) and 15(8) of such Act are repealed.

"Miscellaneous Public Housing Amendments

"SEC. 206. (a) Section 15 of the United States Housing Act of 1937 is amended by—

"(1) inserting in paragraph (5) after the second parenthetical clause the following: 'on which the computation of any annual contributions under this Act may be based';

"(2) striking out in paragraph (5) '\$2,500 per room in the case of Alaska or in the case of accommodations designed specifically for elderly families', and inserting in lieu thereof '\$3,000 per room in the case of Alaska, or in the case of accommodations designed specifically for elderly families \$3,000 per room and \$3,500 per room in the case of Alaska';

"(3) striking out paragraph (6), redesignating paragraph (9) as paragraph (6), and transferring paragraph (9), as so redesignated, to the place heretofore occupied by the paragraph so stricken out; and

"(4) striking out 'or 5 per centum in the case of any family entitled to a first preference as provided in section 10(g)' in paragraph (7)(b) and inserting in lieu thereof 'except in the case of a family displaced by urban renewal or other governmental action or an elderly family'.

"(b) Section 10(h) of such Act is amended by inserting the following after the word 'project' the third time it appears therein: '(exclusive of any portion thereof which is not assisted by annual contributions under this Act)'.

"(c) Section 10(j) of such Act is repealed.

"Demonstration Programs

"SEC. 207. The Housing and Home Finance Administrator is authorized to enter into contracts to make grants, not exceeding \$5,000,000, to public or private bodies or agencies, subject to such terms and conditions as he shall prescribe, for the purposes of developing and demonstrating new or improved means of providing housing for low income persons and families. Advances and progress payments may be made, under any contract to make grants under this section, without regard to the provisions of section 3648 of the Revised Statutes.

"TITLE III—URBAN RENEWAL AND PLANNING

"Increased Federal Aid for Small Communities; Pooling Grants-in-Aid Between Projects

"SEC. 301. (a) Section 103(a) of the Housing Act of 1949 is amended by inserting '(1)'

after '(a)', by striking out the last two sentences, and by inserting at the end thereof the following:

"(2) The aggregate of such capital grants with respect to all of the projects of a local public agency (or of two or more local public agencies in the same municipality) on which contracts for capital grants have been made under this title shall not exceed the total of—

"(A) two-thirds of the aggregate net project costs of all such projects to which neither subparagraph (B) nor subparagraph (C) applies, and

"(B) three-fourths of the aggregate net project costs of any of such projects which are located in a municipality having a population of fifty thousand or less (one hundred fifty thousand or less in the case of a municipality situated in an area which, at the time the contract or contracts involved are entered into or at such earlier time as the Administrator may specify in order to avoid hardship, is designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act) according to the most recent decennial census, and

"(C) three-fourths of the aggregate net project costs of any of such projects (not falling within subparagraph (B)) which the Administrator, upon request, may approve on a three-fourths capital grant basis.

"(3) A capital grant with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project."

"(b) Section 104 of such Act is amended by striking out the second sentence and inserting in lieu thereof the following: "Such local grants-in-aid, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency (or two or more local public agencies in the same municipality) on which contracts for capital grants have theretofore been made, shall be at least equal to the total of one-third of the aggregate net project costs of such projects undertaken on a two-thirds capital grant basis and one-fourth of the aggregate net project costs of such projects undertaken on a three-fourths capital grant basis."

"(c) The third and fourth sentences of section 110(e) of such Act are each amended by striking out 'pursuant to the proviso in the second sentence of section 103(a)' and inserting in lieu thereof 'pursuant to section 103(a)(2)(C)'.

"Incontestable Federal Obligation in Private Financing of Projects

"SEC. 302. (a) Section 102(c) of the Housing Act of 1949 is amended by adding at the end thereof the following: "In connection with any such pledge of a loan contract, including loan payments thereunder, as security for the repayment of obligations of the local public agency held by other than the Federal Government, the Administrator is authorized to agree to pay, through operations of a paying agent or agents, and to pay or cause to be paid when due, from funds obtained pursuant to subsection (e) of this section, to the holders of such obligations (or to their agents or designees) the principal of and the interest on such obligations, subject to such conditions as the Administrator may determine but without regard to any other condition or requirement. Notwithstanding any other provision of law, any contract or other instrument executed by the Administrator which, by its terms, includes an obligation of the Administrator to make payment pursuant to this subsection shall be construed by all officers of the United States separate and apart from the loan contract and shall be incontestable in the hands of a bearer and the full faith and credit of the United States is pledged to

the payment of all amounts agreed to be paid by the Administrator pursuant to this subsection.'

"(b) Section 22 of the United States Housing Act of 1937 is amended by inserting the following new subsection at the end thereof:

"(c) Obligations of a public housing agency which (1) are secured either (A) by a pledge of a loan under an agreement between such public housing agency and the Authority, or (B) by a pledge of annual contributions under an annual contributions contract between such public housing agency and the Authority, and (2) bear, or are accompanied by, a certificate of the Authority that such obligations are so secured, shall be incontestable in the hands of a bearer, and the full faith and credit of the United States is pledged to the payment of all amounts agreed to be paid by the Authority as security for such obligations.'

"Grant Authorization

"SEC. 303. Section 103(b) of the Housing Act of 1949 is amended by striking out the first sentence and inserting in lieu thereof the following: 'The Administrator may, with the approval of the President, contract to make grants under this title aggregating not to exceed \$4,000,000,000: *Provided*, That of such sum the Administrator may, without regard to other provisions of this title, contract to make grants aggregating not to exceed \$25,000,000 for mass transportation demonstration projects which he determines will assist in carrying out urban transportation plans and research, including but not limited to the development of data and information of general applicability on the reduction of urban transportation needs, the improvement of mass transportation service, and the contribution of such service toward meeting total urban transportation needs at minimum cost. Such grants shall not be used for major long-term capital improvement; shall not exceed two-thirds of the cost, as determined or estimated by the Administrator, of the project for which the grant is made; and shall be subject to such other terms and conditions as he may prescribe. The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advance or progress payments on account of any grant contracted to be made pursuant to this section.'

"Relocation Payments

"SEC. 304. Section 106(f) (2) of the Housing Act of 1949 is amended—

"(1) by striking out 'and business concerns' in the first sentence and inserting in lieu thereof the following: 'business concerns, and nonprofit organizations';

"(2) by striking out 'business concern' in the second sentence and inserting in lieu thereof the following: 'business concern or nonprofit organization.'

"(3) by inserting after '\$3,000' the following: 'or, if greater, the total certified actual moving expenses'; and

"(4) by inserting 'and actual direct losses of property' before the period at the end of the last sentence.

"Financial Assistance for Displaced Business Concerns

"SEC. 305. Section 7(b) of the Small Business Act is amended—

"(1) by striking out 'and' at the end of paragraph (1);

"(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof: 'and';

"(3) by adding after paragraph (2) a new paragraph as follows:

"(3) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be

necessary or appropriate to assist any small-business concern in reestablishing its business, if the Administration determines that such concern has suffered substantial economic injury as a result of its displacement by a federally aided urban renewal or highway construction program or by any other construction conducted by or with funds provided by the Federal Government.'; and

"(4) by adding immediately before the period at the end of the third sentence the following: 'except that in the case of a loan made pursuant to paragraph (3), the rate of interest on the Administration's share of such loan shall not be more than the higher of (A) 2½ per centum per annum; or (B) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the date of the loan and adjusted to the nearest one-eighth of 1 per centum, plus one-quarter of 1 per centum per annum.'

"(b) Section 2(b) of such Act is amended by inserting before the period at the end thereof the following: 'and small-business concerns which are displaced as a result of federally aided construction programs'.

"(c) Section 4(c) of such Act as amended—

"(1) by striking out '\$975,000,000' each place it appears and inserting in lieu thereof '\$1,000,000,000'; and

"(2) by striking out '\$125,000,000' in the sixth sentence and inserting in lieu thereof '\$150,000,000'.

"Resale of Property in Urban Renewal Areas for Housing for Moderate Income Families

"SEC. 306. (a) Section 107 of the Housing Act of 1949 is amended by—

"(1) changing the title thereof to read 'PROPERTY TO BE USED FOR PUBLIC HOUSING OR HOUSING FOR MODERATE INCOME FAMILIES';

"(2) inserting '(a)' before the first sentence and striking out the words 'to be' in such sentence;

"(3) striking out 'is incorporated' and inserting in lieu thereof 'was incorporated on or after September 23, 1959'; and

"(4) adding at the end thereof the following new subsection:

"(b) Upon approval of the Administrator and subject to such conditions as he may determine to be in the public interest, any real property held as part of an urban renewal project may be made available to (1) a limited dividend corporation, nonprofit corporation or association, cooperative, or public body or agency, or (2) a purchaser who would be eligible for a mortgage insured under section 221(d) (4) of the National Housing Act, for purchase at fair value for use by such purchaser in the provision of new or rehabilitated rental or cooperative housing for occupancy by families of moderate income.'

"(b) Clause (4) of the second sentence of section 110(c) of the Housing Act of 1949 is amended by inserting before the semicolon at the end thereof the following: 'or as provided in section 107'.

"Rehabilitation

"SEC. 307. (a) The second sentence of section 110(c) of the Housing Act of 1949 is amended by—

"(1) striking out 'and' at the end of paragraph (5);

"(2) striking out the period at the end of paragraph (6) and inserting in lieu of thereof: 'and'; and

"(3) adding after paragraph (6) a new paragraph as follows:

"(7) acquisition and repair or rehabilitation for guidance purposes, and resale by the local public agency, of structures which are located in the urban renewal area and which, under the urban renewal plan, are to be repaired or rehabilitated for dwell-

ing use or related facilities: *Provided*, That the local public agency shall not acquire for such purposes, in any urban renewal area, structures which contain or will contain more than (A) one hundred dwelling units, or (B) 5 per centum of the total number of dwelling units in such area which, under the urban renewal plan, are to be repaired or rehabilitated, whichever is the lesser.'

"(b) The third sentence of section 110(c) of such Act is amended by inserting after 'include' the following: '(except as provided in paragraph (7) above)'.

"(c) Clause (1) of section 110(e) of such Act is amended by striking out 'and (6)' and inserting in lieu thereof '(6), and (7)'.

"Increase in Nonresidential Exception

"SEC. 308. The fifth sentence of section 110(c) of the Housing Act of 1949 is amended by striking out '20 per centum' in the second proviso and inserting in lieu thereof '30 per centum'.

"Urban Renewal Areas Involving Colleges, Universities, or Hospitals

"SEC. 309. Section 112 of the Housing Act of 1949 is amended to read as follows:

"Urban Renewal Areas Involving Colleges, Universities, or Hospitals

"SEC. 112. (a) In any case where an educational institution or a hospital is located in or near an urban renewal project area and the governing body of the locality determines that, in addition to the elimination of slums and blight from such area, the undertaking of an urban renewal project in such area will further promote the public welfare and the proper development of the community (1) by making land in such area available for disposition, for uses in accordance with the urban renewal plan, to such educational institution or hospital for redevelopment in accordance with the use or uses specified in the urban renewal plan, (2) by providing, through the redevelopment of the area in accordance with the urban renewal plan, a cohesive neighborhood environment compatible with the functions and needs of such educational institution or hospital, or (3) by any combination of the foregoing, the Administrator is authorized to extend financial assistance under this title for an urban renewal project in such area without regard to the requirements in section 110 hereof with respect to the predominantly residential character or predominantly residential reuse of urban renewal areas. The aggregate expenditures made by any such institution or hospital (directly or through a private redevelopment corporation or municipal or other public corporation) for the acquisition within, adjacent to, or in the immediate vicinity of the project area, of land, buildings, and structures to be redeveloped or rehabilitated by such institution for educational uses or by such hospital for hospital uses in accordance with the urban renewal plan (or with a development plan proposed by such institution, hospital, or corporation, found acceptable by the Administrator after considering the standards specified in section 110(b), and approved under State or local law after public hearing) and for the demolition of such buildings and structures if, pursuant to such urban renewal or development plan, the land is to be cleared and redeveloped, and for the relocation of occupants from buildings and structures to be demolished or rehabilitated, as certified by such institution or hospital to the local public agency and approved by the Administrator, shall be a local grant-in-aid in connection with such urban renewal project: *Provided*, That no such expenditure shall be eligible as a local grant-in-aid in any case where the property involved is acquired by such educational institution or hospital from a local public agency which, in connection with its acquisition or disposition of such property, has received, or contracted

to receive, a capital grant pursuant to this title.

"(b) No expenditure made by any educational institution or hospital, as provided in subsection (a), shall be deemed ineligible as a local grant-in-aid (1) in connection with any urban renewal project if made not more than seven years prior to the authorization by the Administrator of a contract for a loan or capital grant for such project, or (2) in connection with any such project for which the Administrator, prior to September 25, 1963, has authorized a loan or capital grant contract if made not more than five years prior to the submission of an application for financial assistance under this title for such urban renewal project.

"(c) The aggregate expenditures made by any public authority, established by any State, for acquisition, demolition, and relocation in connection with land, buildings, and structures acquired by such public authority and leased to an educational institution for educational uses or to a hospital for hospital uses shall be deemed a local grant-in-aid to the same extent as if such expenditures had been made directly by such educational institution or hospital.

"(d) As used in this section—

"(1) the term 'educational institution' means any educational institution of higher learning, including any public educational institution or any private educational institution, no part of the net earnings of which inures to the benefit of any private shareholder or individual; and

"(2) the term 'hospital' means any hospital licensed by the State in which such hospital is located, including any public hospital or any nonprofit hospital, no part of the net earnings of which inures to the benefit of any private shareholder or individual."

"Urban Planning Assistance

"Sec. 310. (a) Section 701 of the Housing Act of 1954 is amended by—

"(1) striking out '50 per centum' in the first sentence of subsection (b) and inserting in lieu thereof 'two-thirds';

"(2) striking out '\$20,000,000' in the last sentence of subsection (b) and inserting in lieu thereof '\$75,000,000';

"(3) inserting after 'public facilities' in clause (1) of subsection (d) ', including transportation facilities'; and

"(4) adding at the end thereof the following new subsection:

"(f) The consent of the Congress is hereby given to any two or more States to enter into agreements or compacts, not in conflict with any law of the United States, for cooperative efforts and mutual assistance in the comprehensive planning for the physical growth and development of interstate, metropolitan, or other urban areas, and to establish such agencies, joint or otherwise, as they may deem desirable for making effective such agreements and compacts."

"(b) Section 701 of such Act is further amended by—

"(1) striking out the matter preceding paragraph (1) of subsection (a) and inserting in lieu thereof the following:

"Sec. 701. (a) In order to assist State and local governments in solving planning problems resulting from the increasing concentration of population in metropolitan and other urban areas, including smaller communities; to facilitate comprehensive planning for urban development, including coordinated transportation systems, on a continuing basis by such governments; and to encourage such governments to establish and improve planning staffs, the Administrator is authorized to make planning grants to—;

"(2) inserting the following after 'agencies' in paragraph (2) of subsection (a): ', or other agencies and instrumentalities designated by the Governor (or Governors

in the case of interstate planning) and acceptable to the Administrator.';

"(3) adding the following at the end of subsection (a): 'The Administrator shall encourage cooperation in preparing and carrying out plans among all interested municipalities, political subdivisions, public agencies, and other parties in order to achieve coordinated development of entire areas. To the maximum extent feasible, pertinent plans and studies already made for areas shall be utilized so as to avoid unnecessary repetition of effort and expense. Planning which may be assisted under this section includes the preparation of comprehensive urban transportation surveys, studies, and plans to aid in solving problems of traffic congestion, facilitating the circulation of people and goods in metropolitan and other urban areas, and reducing transportation needs. Funds available under this section shall be in addition to and may be used jointly with funds available for planning surveys and investigations under other Federally-aided programs, and nothing contained in this section shall be construed as affecting the authority of the Secretary of Commerce under section 307 of title 23, United States Code.'; and

"(4) striking out the first sentence of subsection (d) and inserting in lieu thereof the following: 'It is the further intent of this section to encourage comprehensive planning, including transportation planning, for States, cities, counties, metropolitan areas, and urban regions and the establishment and development of the organizational units needed therefor. The Administrator is authorized to provide technical assistance to State and local governments and their agencies and instrumentalities undertaking such planning and, by contract or otherwise, to make studies and publish information on related problems.'

"Historical Site in Urban Renewal Area

"Sec. 311. (a) Notwithstanding section 110(c)(4) of the Housing Act of 1949, as amended, or any other provision of law, the urban renewal project in Knoxville, Tennessee, known as the Riverfront-Willow Street redevelopment project, may include the donation by the Knoxville Housing Authority to the James White's Fort Association, by a suitable instrument of conveyance, of all right, title, and interest of the authority in and to the following described tract of land, constituting a portion of tract T-2 of the said project and containing 0.985 acres more or less:

"Beginning at an iron pin located at the intersection of the east property line of Collins Alley and the south property line of Rouser Alley; thence in a northerly direction, north 32 degrees 35 minutes west, 111.0 feet to an iron pin located in the east property line of Collins Alley; thence in a westerly direction, south 55 degrees 20 minutes west, 207.0 feet to an iron pin; thence in a southwesterly direction, south 35 degrees 05 minutes west, 80 feet to an iron pin; thence in a southerly direction south 27 degrees 25 minutes east, 193.40 feet to an iron pin located in the north property line of Hill Avenue; thence in an easterly direction, north 67 degrees 43 minutes east, 33.54 feet to an iron pin; thence in an easterly direction, north 60 degrees 02 minutes east, 31.64 feet to an iron pin; thence in an easterly direction, north 58 degrees 30 minutes 30 seconds east, 53 feet to an iron pin located in the north property line of Hill Avenue; thence in a northerly direction, north 30 degrees 22 minutes 30 seconds west, 134.03 feet to an iron pin; thence in an easterly direction, north 59 degrees 21 minutes 30 seconds east, 175.61 feet to the point of beginning.

"(b) The conveyance authorized to be included in the Riverfront-Willow Street redevelopment project under subsection (a) of this section shall be made only if the James

White's Fort Association represents, and furnishes such assurances as may be required by the Knoxville Housing Authority, that such Association (1) will undertake the reconstruction on the site conveyed of General James White's cabin and fort, and (2) will develop, preserve, and operate such property on a nonprofit basis as a historical site or monument.

"Credit for Cost of School Construction

"Sec. 312. No public facility, the provision of which is otherwise eligible as a local grant-in-aid for any urban renewal project receiving assistance under title I of the Housing Act of 1949 in the city of Roanoke, Virginia, and the construction of which was commenced prior to January 1, 1961, shall be deemed to be ineligible as a local grant-in-aid because of any change in the urban renewal plan for such project which is determined by the Housing and Home Finance Administrator to have resulted from the proposed location within the urban renewal area in which such project was undertaken of a federally aided highway. For the purpose of computing the portion of the cost of any such facility which may be allowed as a local grant-in-aid, the degree of benefit of the facility to such urban renewal area shall be based on the latest estimate of benefit submitted by the local public agency and accepted by the Administrator prior to such change in the urban renewal plan.

"Eligibility of Certain Local Grants-in-Aid

"Sec. 313. Notwithstanding the provisions of section 312 of the Housing Act of 1954 or any request previously made pursuant to such section, upon request of the local public agency the eligibility of the local grants-in-aid for any project in the city of Norfolk, Virginia, in connection with which the final capital grant payment has not been made, shall be determined in accordance with the provisions of sections 110(d) and 112 of the Housing Act of 1949.

Technical Amendments

"Sec. 314. (a) Section 101(c) of the Housing Act of 1949 is amended by inserting in clause (1) after 'workable program' the words 'for community improvement'.

"(b) Section 102(a) of such Act is amended by inserting in the second proviso after 'demolition and removal' the first place it appears the following: ', together with administrative, relocation, and other related costs and payments.'

"(c) Clause (4) of the second sentence of section 110(c) of such Act is amended by striking out 'initial'.

"Parks and Recreational Facilities

"Sec. 315. Section 105(a) of the Housing Act of 1949 is amended by striking out 'and' preceding clause (iii), and by adding at the end thereof the following: 'and (iv) the urban renewal plan gives due consideration to the provision of adequate park and recreational areas and facilities, as may be desirable for neighborhood improvement, with special consideration for the health, safety, and welfare of children residing in the general vicinity of the site covered by the plan;'

"TITLE IV—COLLEGE HOUSING

"Loan authorization

"Sec. 401. Section 401(d) of the Housing Act of 1950 is amended by striking out the first colon and all that follows and inserting in lieu thereof the following: ', which amount shall be increased by \$300,000,000 on July 1 in each of the years 1961 through 1964: *Provided*, That the amount outstanding for other educational facilities, as defined herein, shall not exceed \$175,000,000, which limit shall be increased by \$30,000,000 on July 1 in each of the years 1961 through 1964: *Provided further*, That the amount outstanding for hospitals, referred to in clause (2) of section 404(b) of this title, shall not exceed \$100,000,000, which limit

shall be increased by \$30,000,000 on July 1 in each of the years 1961 through 1964.

"Apportionment by States"

"SEC. 402. Section 403 of the Housing Act of 1950 is amended by striking out '10 per centum' and inserting in lieu thereof '12½ per centum'.

"Housing provided by nonprofit corporations"

"SEC. 403. (a) Clause (3) of section 404(b) of the Housing Act of 1950 is amended—

"(1) by striking out 'established by any institution included in clause (1) of this subsection for the sole purpose' and inserting in lieu thereof 'established for the sole purpose'; and

"(2) by striking out 'such institution' where it first appears and inserting in lieu thereof 'one or more institutions included in clause (1) of this subsection'.

"(b) Clause (3) of section 404(b) of such Act is further amended by striking out 'will pass to such institution' and inserting in lieu thereof 'will pass to such institution (or to any one or more of such institutions) unless it is shown to the satisfaction of the Administrator that such property or the proceeds from its sale will be used for some other nonprofit educational purpose.'

"(c) Section 404(b) of such Act is further amended by adding at the end thereof the following new sentence: 'In the case of any loan made under section 401 to a corporation described in clause (3) of this subsection which was not established by the institution or institutions for whose students or students and faculty it would provide housing, the Administrator shall require that the note securing such loan be co-signed by such institution (or by any one or more of such institutions).'

"TITLE V—COMMUNITY FACILITIES"

"Public facility loans"

"SEC. 501. (a) (1) The second paragraph of section 201 of the Housing Amendments of 1955 is amended by inserting after 'public works or facilities' the following: '(including mass transportation facilities and equipment).'

"(2) The third paragraph of section 201 of such Amendments is amended by inserting after 'title' the following: '(subject to the limitations contained herein).'

"(b) The first sentence of section 202(a) of such Amendments is amended to read as follows: 'The Housing and Home Finance Administrator is authorized (1) to purchase the securities and obligations of, or make loans to, municipalities and other political subdivisions and instrumentalities of States (including public agencies and instrumentalities of one or more municipalities or other political subdivisions in the same State), to finance specific projects for public works or facilities under State, municipal, or other applicable law, and (2) to purchase the securities and obligations of, or make loans to, States, municipalities and other political subdivisions of States, public agencies and instrumentalities of one or more States, municipalities and political subdivisions of States, and public corporations, boards, and commissions established under the laws of any State, to finance the acquisition, construction, reconstruction, and improvement of facilities and equipment for use, by operation or lease or otherwise, in mass transportation service in urban areas, and for use in coordinating highway, bus, surface-rail, underground, parking and other transportation facilities in such areas. The facilities and equipment referred to in clause (2) may include land, but not public highways, and any other real or personal property needed for an economic, efficient, and coordinated mass transportation system.'

"(c) Section 202(b)(2) of such Amendments is amended by adding at the end thereof the following new sentence: 'Subject

to such maximum maturity, the Administrator in his discretion may provide for the postponement of the payment of interest on not more than 50 per centum of any financial assistance extended to an applicant under this section for a period up to ten years where (A) such assistance does not exceed 50 per centum of the development cost of the project involved, and (B) it is determined by the Administrator that such applicant will experience above-average population growth and the project would contribute to orderly community development, economy, and efficiency; and any amounts so postponed shall be payable with interest in annual installments during the remaining maturity of such assistance.'

"(d) (1) Section 202(b) of such Amendments is further amended by adding at the end thereof the following new paragraph:

"(3) Financial assistance extended under this section shall bear interest at a rate determined by the Administrator which shall be not more than the higher of (A) 3 per centum per annum, or (B) the total of one-half of 1 per centum per annum added to the rate of interest paid by the Administrator on funds obtained from the Secretary of the Treasury as provided in section 203(a).'

"(2) The third sentence of section 203(a) of such Amendments is amended to read as follows: 'Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) 2½ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance by the Administrator and adjusted to the nearest one-eighth of 1 per centum.'

"(e) Section 202(b) of such Amendments is further amended by adding at the end thereof (after the paragraph added by subsection (d) (1) of this section) the following new paragraph:

"(4) No financial assistance shall be extended under clause (1) of subsection (a) of this section to any municipality or other political subdivision having a population of fifty thousand or more (one hundred fifty thousand or more in the case of a community situated in an area designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act) according to the most recent decennial census, or to any public agency or instrumentality of one or more municipalities or other political subdivisions having a population (or an aggregate population) equal to or exceeding that figure according to such census.'

"(f) Section 202(c) of such Amendments is amended by striking out 'this section' and inserting in lieu thereof 'clause (1) of subsection (a) of this section'.

"(g) Section 202 of such Amendments is further amended by adding at the end thereof the following new subsection:

"(d) No loans may be made for transportation facilities or equipment, pursuant to clause (2) of subsection (a) of this section, unless the Administrator determines (1) that there is being actively developed (or has been developed) for the urban or other metropolitan area served by the applicant a program, meeting criteria established by him, for the development of a comprehensive and coordinated mass transportation system; (2) that the proposed facilities or equipment can reasonably be expected to be required for such a system; and (3) if such program has not been completed, that there is an urgent need for the provision of the facilities or equipment to be commenced prior to the time that the program could reasonably be expected to be completed: *Provided*, That no such loan

shall be made, except under a prior commitment, after December 31, 1961.'

"(h) Section 203(a) of such Amendments is amended by striking out the words 'in an amount not exceeding \$150,000,000, notes and other obligations' in the first sentence and inserting in lieu thereof the following: 'notes and other obligations in an amount not to exceed \$650,000,000: *Provided*, That, of the funds obtained through the issuance of such notes and other obligations, \$600,000,000 shall be available only for purchases and loans pursuant to clause (1) of section 202(a) of this title and \$50,000,000 shall be available only for purchases and loans pursuant to clause (2) of such section'.

"(1) Title II of such Amendments is further amended by adding at the end thereof the following new section:

"SEC. 207. The Administrator is authorized to establish technical advisory services to assist municipalities and other political subdivisions and instrumentalities in the budgeting, financing, planning, and construction of community facilities. There are hereby authorized to be appropriated such sums as may be necessary, together with any fees that may be charged, to cover the cost of such services.'

"(j) Section 203(b) of such Amendments is amended by inserting 'be' immediately after 'which may'.

"Advances for Public Works Planning"

"SEC. 502. Section 702 of the Housing Act of 1954 is amended by—

"(1) striking out in subsection (a) '10' and inserting in lieu thereof '12½';

"(2) striking out the first sentence of subsection (b) and inserting in lieu thereof the following: 'No advance shall be made hereunder with respect to any individual project, including a regional or metropolitan or other areawide project, unless (1) it is planned to be constructed within or over a reasonable period of time considering the nature of the project, (2) it conforms to an overall State, local, or regional plan approved by a competent State, local, or regional authority, and (3) the public agency formally contracts with the Federal Government to complete the plan preparation promptly and to repay such advance or part thereof when due.'

"(3) Inserting after '1958;' in subsection (e) the following: '\$10,000,000 which may be made available to such fund on or after July 1, 1961;'; and

"(4) striking out in subsection (e) '\$48,000,000' and inserting in lieu thereof '\$58,000,000'.

"TITLE VI—AMENDMENTS TO THE NATIONAL HOUSING ACT"

"Federal National Mortgage Association"

"Special Assistance Authorization"

"SEC. 601. (a) Section 305(c) of the National Housing Act is amended to read as follows:

"(c) The total amount of purchases and commitments authorized by the President pursuant to subsection (a) of this section shall not exceed \$1,700,000,000 outstanding at any one time.'

"(b) Section 305(g) of such Act is amended by adding before the period at the end thereof the following: ': *Provided further*, That the authority of the Association to make purchases and commitments under this subsection shall terminate on the date of enactment of the Housing Act of 1961, and any portion of the total amount of such authority as specified in the first proviso in this subsection which on such date would otherwise be available for making such purchases and commitments shall be transferred to and merged with the authority granted by subsection (a) and added to the amount of such authority as specified in subsection (c).'

"(c) Section 306 of such Act is amended by adding at the end thereof the following new subsection:

"(f) Notwithstanding any of the provisions of this Act or of any other law, an amount equal to the net decrease for the preceding fiscal year in the aggregate principal amount of all mortgages owned by the Association under this section shall, as of July 1 of each of the years 1961 through 1964, be transferred to and merged with the authority provided under section 305(a), and the amount of such authority as specified in section 305(c) shall be increased by any amounts so transferred."

"Limitation on Mortgage Amount

"Sec. 602. (a) Section 302(b) of the National Housing Act is amended by striking out 'or 803' and inserting in lieu thereof 'or title VIII'."

"(b) Section 302(b) of such Act is further amended by inserting before 'or a mortgage covering property' the following: 'or insured under section 213 and covering property located in an urban renewal area.'"

"Federal National Mortgage Association Lending Authority

"Sec. 603. (a) Section 302(b) of the National Housing Act is amended by striking out 'to make commitments' and all that follows down through the first colon and inserting in lieu thereof the following: 'pursuant to commitments or otherwise, to purchase, lend (under section 304) on the security of, service, sell, or otherwise deal in any mortgages which are insured under the National Housing Act, or which are insured or guaranteed under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code.'"

"(b) The first sentence of section 303(b) of such Act is amended by inserting immediately before the period at the end thereof the following: '; and by requiring each borrower to make such payments, equal to not more than one-half of 1 per centum of the amount lent by the Association to such borrower under section 304'."

"(c) Section 303(c) of such Act is amended by striking out the first sentence and by inserting in lieu thereof the following: 'The Association shall issue from time to time, to each mortgage seller or borrower, its common stock (only in denominations of \$100 or multiples thereof) evidencing any capital contributions (adjusted by reason of any payments into surplus required by the Association) made by such seller or borrower pursuant to subsection (b) of this section.'"

"(d) Section 304(a) of such Act is amended by inserting '(1)' before 'To carry out', and by adding at the end thereof the following new paragraph:

"(2) In the further interest of assuring sound operation, any loan made by the Association in its secondary market operations under this section, and any extension or renewal thereof, shall not exceed 80 per centum of the unpaid principal balances of the mortgages securing the loan, and shall bear interest at a rate consistent with general loan policies established from time to time by the Association's board of directors. Any such loan shall mature in not more than twelve months and the term of any extension or renewal shall not exceed twelve months. The volume of the Association's lending activities and the establishment of its loan ratios, interest rates, maturities, and charges or fees, in its secondary market operations under this section, should be determined by the Association from time to time; and such determinations, in conjunction with determinations made under paragraph (1), should be consistent with the objectives that the lending activities should be conducted on such terms as will reasonably prevent excessive use of the Association's facilities, and that the operations of the Association under this section should be within its income

derived from such operations and that such operations should be fully self-supporting. Notwithstanding any Federal, State, or other law to the contrary, the Association is hereby empowered, in connection with any loan under this section, whether before or after any default, to provide by contract with the borrower for the settlement or extinguishment, upon default, of any redemption, equitable, legal, or other right, title, or interest of the borrower in any mortgage or mortgages that constitute the security for the loan; and with respect to any such loan, in the event of default and pursuant otherwise to the terms of the contract, the mortgages that constitute such security shall become the absolute property of the Association."

"(e) Section 304(b), section 309(c) and section 310 of such Act are each amended by inserting 'or other security holdings' after 'mortgages'."

"FHA insurance programs

"Limitations on Insurance Authorizations

"Sec. 604. (a) Section 2(a) of the National Housing Act is amended by striking out in the first sentence '1961' and inserting in lieu thereof '1965'."

"(b) Section 203(a) of such Act is amended by striking out the colon and all that follows the colon and inserting in lieu thereof a period."

"(c) Section 217 of such Act is amended to read as follows:

"General Mortgage Insurance Authorization

"SEC. 217. Except with respect to the insurance of a loan or mortgage pursuant to section 2, section 221, or title VIII of this Act (subject to any limitations thereunder on the time of such insurance), no loan or mortgage shall be insured under any provision of this Act after October 1, 1965, except pursuant to a commitment to insure before that date."

"(d) Section 803(a) of such Act is amended by striking out '1961' and inserting in lieu thereof '1962', and by striking out 'twenty-five thousand' and inserting in lieu thereof 'twenty-eight thousand'."

"Section 203 Residential Housing Insurance

"Sec. 605. (a) Section 203(b)(2) of such Act is amended—

"(1) by striking out '\$13,500' each place it appears and inserting in lieu thereof '\$15,000';

"(2) by striking out '\$18,000' each place it appears and inserting in lieu thereof '\$20,000'; and

"(3) by striking out '70 per centum' and inserting in lieu thereof '75 per centum'."

"(b) Section 203(b)(2) of such Act is amended (1) by striking out '\$22,500' and inserting in lieu thereof '\$25,000', and (2) by striking out 'or \$25,000' and inserting in lieu thereof 'or \$27,500'."

"(c) Section 203(b)(3) of such Act is amended by striking out 'thirty years' and inserting in lieu thereof 'thirty-five years (or thirty years if such mortgage is approved for insurance prior to construction)'."

"Authority to Reduce Premium Charges

"SEC. 606. The first sentence of section 203(c) of the National Housing Act is amended to read as follows: 'The Commissioner is authorized to fix premium charges for the insurance of mortgages under the separate sections of this title but in the case of any mortgage such charge shall be not less than an amount equivalent to one-fourth of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments: *Provided*, That any reduced premium charge so fixed and computed may, in the discretion of the Commissioner, also be made applicable in such manner as the Commissioner shall

prescribe to each insured mortgage outstanding under the section or sections involved at the time the reduced premium charge is fixed.'

"Section 207 Rental Housing Insurance

"Sec. 607. Section 207 of the National Housing Act is amended by—

"(1) striking out the first paragraph of subsection (b)(2) and inserting in lieu thereof the following:

"(2) any other mortgagor approved by the Commissioner which, until the termination of all obligations of the Commissioner under the insurance and during such further period of time as the Commissioner shall be the owner, holder, or reinsurer of the mortgage, is regulated or restricted by the Commissioner as to rents or sales, charges, capital structure, rate of return, and methods of operation to such extent and in such manner as to provide reasonable rentals to tenants and a reasonable return on the investment. The Commissioner may make such contracts with and acquire, for not to exceed \$100, such stock or interest in the mortgagor as he may deem necessary to render effective the regulations or restrictions. The stock or interest acquired by the Commissioner shall be paid for out of the Housing Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.'"

"(2) inserting in subsection (c)(3) after the words 'attributable to dwelling use the following: '(excluding exterior land improvements as defined by the Commissioner)';

"(3) striking out '\$1,500 per space' in subsection (c)(3) and inserting in lieu thereof '\$1,800 per space'; and

"(4) inserting in the first sentence of subsection (i) after the words 'of this section' the following: ', except that debentures issued pursuant to the provisions of section 220(f), 221(g), and section 233 may be dated as of the date the mortgage is assigned (or the property is conveyed) to the Commissioner'."

"Section 213 Cooperative Housing Insurance

"Sec. 608. (a) Section 213 of the National Housing Act is amended by—

"(1) inserting in paragraph (2) of subsection (b) after the words 'as may be attributable to dwelling use' the following: '(excluding exterior land improvements as defined by the Commissioner)';

"(2) striking out 'eight or more family units' in subsection (d) and inserting in lieu thereof 'five or more family units'; and

"(3) striking out in subsection (h) 'such mortgagor shall not thereafter be eligible by reason of such paragraph (3) for insurance of any additional mortgage loans pursuant to this section' and inserting in lieu thereof the following: 'the Commissioner is authorized to refuse, for such period of time as he shall deem appropriate under the circumstances, to insure under this section any additional investor-sponsor type mortgage loans made to such mortgagor or to any other investor-sponsor mortgagor where, in the determination of the Commissioner, any of its stockholders were identified with such mortgagor'."

"(b) Section 213 of such Act is further amended by adding at the end thereof the following new subsection:

"(j)(1) With respect to any property covered by a mortgage insured under this section (or any cooperative housing project covered by a mortgage insured under section 207 as in effect prior to the enactment of the Housing Act of 1950), the Commissioner is authorized, upon such terms and conditions as he may prescribe, to make commitments to insure and to insure supplementary cooperative loans (including advances during construction or improvement) made by financial institutions approved by the Com-

missioner. As used in this subsection, "supplementary cooperative loan" means a loan, advance of credit, or purchase of an obligation representing a loan or advance of credit made for the purpose of financing any of the following:

"(A) Improvements or repairs of the property covered by such mortgage; or

"(B) Community facilities necessary to serve the occupants of the property.

"(2) To be eligible for insurance under this subsection, a supplementary cooperative loan shall—

"(A) be limited to an amount which, when added to the outstanding mortgage indebtedness on the property, creates a total outstanding indebtedness which does not exceed the original principal obligation of the mortgage;

"(B) have a maturity satisfactory to the Commissioner but not to exceed the remaining term of the mortgage;

"(C) be secured in such manner as the Commissioner may require;

"(D) contain such other terms, conditions, and restrictions as the Commissioner may prescribe; and

"(E) represent the obligation of a borrower of the character described in paragraph (1) of subsection (a)."

"Section 220 Sales Housing Mortgage Insurance

"SEC. 609. (a) Section 220(d) (3) (A) (i) of the National Housing Act is amended—

"(1) by striking out '\$13,500' each place it appears and inserting in lieu thereof '\$15,000';

"(2) by striking out '\$18,000' each place it appears and inserting in lieu thereof '\$20,000'; and

"(3) by striking out '70 per centum' and inserting in lieu thereof '75 per centum'.

"(b) Section 220(d) (3) (A) of such Act is amended (1) by striking out '\$22,500' and inserting in lieu thereof '\$25,000', and (2) by striking out 'or \$25,000' and inserting in lieu thereof 'or \$27,500'.

"Nursing Homes

"SEC. 610. Section 232(d) (2) of the National Housing Act is amended by striking out the words following the comma and inserting in lieu thereof the following: 'and not to exceed 90 per centum of the estimated value of the property or project when the proposed improvements are completed.'

"Housing for Defense-Impacted Areas

"SEC. 611. (a) (1) Section 810(b) of the National Housing Act is amended (A) by striking out 'the Secretary of Defense or his designee shall have certified to the Commissioner that', and (B) by striking out the last sentence.

"(2) Section 810(d) of such Act is amended (A) by striking out 'until advised by the Secretary of Defense or his designee' and inserting in lieu thereof 'until he finds', and (B) by striking out ', as evidenced by certification' and all that follows and inserting in lieu thereof a period.

"(3) Section 810(l) of such Act is repealed.

"(b) Section 406(a) of the Act of August 30, 1957 (71 Stat. 556), is amended by striking out ', and no certificates with respect to any family housing units shall be issued by the Secretary of Defense or his designee under section 810 of the National Housing Act, as amended.'

"Miscellaneous FHA Amendments

"SEC. 612. (a) Section 203 of the National Housing Act is amended by—

"(1) striking out in subsection (b) (3) the words 'insurance of the mortgage' and inserting in lieu thereof 'beginning of amortization of the mortgage', and

"(2) striking out in the first proviso of the second sentence of subsection (c) the words 'particular insurance fund' and inserting in lieu thereof 'particular insurance fund or account'.

"(b) The second sentence of section 204(d) of such Act is amended by inserting after 'mortgagee after default,' the following: 'except that debentures issued pursuant to the provisions of section 220(f), section 221(g), and section 233 may be dated as of the date the mortgage is assigned (or the property is conveyed) to the Commissioner.'

"(c) The last sentence of section 204(g) of such Act is amended to read as follows: 'The power to convey and to execute in the name of the Commissioner deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein heretofore or hereafter acquired by the Commissioner pursuant to the provisions of this Act, may be exercised by the Commissioner or by any Assistant Commissioner appointed by him, without the execution of any express delegation of power or power of attorney: *Provided*, That nothing in this subsection shall be construed to prevent the Commissioner from delegating such power by order or by power of attorney, in his discretion, to any officer, agent, or employee he may appoint: *And provided further*, That a conveyance or transfer of title to real or personal property or an interest therein to the Federal Housing Commissioner, his successors and assigns, without identifying the Commissioner therein, shall be deemed a proper conveyance or transfer to the same extent and of like effect as if the Commissioner were personally named in such conveyance or transfer.'

"(d) Section 209 of such Act is amended by striking out in the second sentence 'shall be charged as a general expense of the Fund, the Housing Fund, and the Defense Housing Insurance Fund in such proportion as the Commissioner shall determine' and inserting in lieu thereof 'shall be charged as a general expense of such insurance fund or funds, or account or accounts, as the Commissioner shall determine'.

"(e) Section 212 of such Act is amended by—

"(1) striking out in the second sentence of subsection (a) 'any mortgage under section 220' and inserting in lieu thereof 'any loan or mortgage under section 220 or section 233'; and

"(2) striking out in the third sentence of subsection (a) 'in subsection (d) (4)' and inserting in lieu thereof 'in subsection (d) (3) in the case of a cooperative or a limited profit mortgagor, or in subsection (d) (4)'.

"(f) Section 219 of such Act is amended to read as follows:

"SEC. 219. Notwithstanding any limitations contained in other sections of this Act as to the use of moneys credited to the Title I Insurance Account, the Title I Housing Insurance Fund, the Section 203 Home Improvement Account, the Housing Insurance Fund, the War Housing Insurance Fund, the Housing Investment Insurance Fund, the Armed Services Housing Mortgage Insurance Fund, the National Defense Housing Insurance Fund, the Section 220 Housing Insurance Fund, the Section 220 Home Improvement Account, the Section 221 Housing Insurance Fund, the Experimental Housing Insurance Fund, the Apartment Unit Insurance Fund, or the Servicemen's Mortgage Insurance Fund, the Commissioner is hereby authorized to transfer funds from any one or more of such insurance funds or accounts to any other such fund or account in such amounts and at such times as the Commissioner may determine, taking into consideration the requirements of such funds or accounts, separately and jointly to carry out effectively the insurance programs for which such funds or accounts were established."

"(g) Section 220(f) of such Act is amended by—

"(1) striking out 'or' at the end of paragraph (1),

"(2) striking out the period at the end of paragraph (2) and inserting in lieu thereof '; or', and

"(3) adding at the end thereof the following:

"(3) as to mortgages meeting the requirements of this section that are insured or initially endorsed for insurance on or after the date of enactment of the Housing Act of 1961, notwithstanding the provisions of paragraphs (1) and (2) of this subsection, the Commissioner in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such paragraphs in cash or in debentures (as provided in the mortgage insurance contract), or may acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner and made previously by the mortgagee under the provisions of the mortgage. After the acquisition of the mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan. The appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this paragraph, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages so acquired (A) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 220 Housing Insurance Fund, (B) all references in section 204 to section 203 shall be construed to refer to this section, and (C) all references in section 207 to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Section 220 Housing Insurance Fund."

"(h) (1) Section 223(a) of such Act is amended by striking out '213, or 222' each place it appears and inserting in lieu thereof '213, 220, 221, 222, 231, 232, or 233'.

"(2) Section 223(a) (7) of such Act is amended—

"(A) by striking out 'section 903 or section 908 of title IX' and inserting in lieu thereof 'section 220, 221, 903, or 908'; and

"(B) by striking out 'insured under section 608 or 908'.

"(3) Section 223 of such Act is further amended by adding at the end thereof the following new subsection:

"(d) With respect to any mortgage, other than a mortgage covering a one- to four-family structure, heretofore or hereafter insured by the Commissioner, and notwithstanding any other provision of this Act, when the taxes, interest on the mortgage debt, mortgage insurance premiums, hazard insurance premiums, and the expense of maintenance and operation of the project covered by such mortgage during the first two years following the date of completion of the project, as determined by the Commissioner, exceed the project income, the Commissioner may, in his discretion and upon such terms and conditions as he may prescribe, permit the excess of the foregoing expenses over the project income to be added to the amount of such mortgage, and extend the coverage of the mortgage insurance thereto, and such additional amount shall be deemed to be part of the original face amount of the mortgage."

"(1) The first sentence of section 224 of such Act is amended to read as follows: 'Notwithstanding any other provisions of this Act, debentures issued under any section of this Act with respect to a loan or mortgage accepted for insurance on or after thirty days following the effective date of the Housing Act of 1954 (except debentures issued pursuant to paragraph (4) of section 221(g)) shall bear interest at the rate in effect on the date the commitment to insure the loan or mortgage was issued, or the date the loan or mortgage was endorsed for insurance, or (when there are two or more insurance endorsements) the date the loan or mortgage was initially endorsed for insurance, whichever rate is the highest, except that debentures issued pursuant to section 220(f), section 220(h) (7), section 221(g), or section 233 may, at the discretion of the Commissioner, bear interest at the rate in effect on the date they are issued.'

"(j) Section 226 of such Act is amended by—

"(1) striking out in the first sentence '222, or' and inserting in lieu thereof '222, 233, 234, or'; and

"(2) striking out in the third sentence the words 'that a written statement setting forth such estimate' and inserting in lieu thereof the following: 'or on the basis of any other estimates of the Commissioner, that a written statement setting forth such estimate or estimates, as the case may be,'.

"(k) Section 227 of such Act is amended by—

"(1) striking out in subsection (a) 'or (vi) under section 810 if the mortgage meets the requirements of subsection (f)' and inserting in lieu thereof '(vi) under section 233 if the mortgage meets the requirements of subsection (b) (2), or (vii) under section 810 if the mortgage meets the requirements of subsection (f)';

"(2) striking out in subsection (b) the word 'value' and inserting in lieu thereof 'value, cost'; and

"(3) striking out in the second and third sentences of subsection (c) 'section 221 if the mortgage meets the requirements of paragraph (4) of subsection (d) thereof, or section 231,' and inserting in lieu thereof 'section 221(d) (3), section 221(d) (4), section 231, or section 233(b) (2)';

"(1) Section 229 of such Act is amended to read as follows:

"Voluntary Termination of Insurance

"SEC. 229. Notwithstanding any other provision of this Act and with respect to any loan or mortgage heretofore or hereafter insured under this Act, except under section 2, the Commissioner is authorized to terminate any insurance contract upon request by the borrower or mortgagor and the financial institution or mortgagee and upon payment of such termination charge as the Commissioner determines to be equitable, taking into consideration the necessity of protecting the various Insurance Funds and Accounts. Upon such termination, borrowers and mortgagors and financial institutions and mortgagees shall be entitled to the rights, if any, to which they would be entitled under this Act if the insurance contract were terminated by payment in full of the insured loan or mortgage."

"(m) Section 231(c) (2) of such Act is amended to read as follows:

"(2) not exceed, for such part of such property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$2,250 per room (or \$9,000 per family unit if the number of rooms in such property or project is less than four per family unit): *Provided*, That as to projects to consist of elevator-type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,250 per room

to not to exceed \$2,750 per room and the dollar amount limitation of \$9,000 per family unit to not to exceed \$9,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,250 per room, without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require;."

"TITLE VII—OPEN SPACE LAND

"Findings and Purpose

"SEC. 701. (a) The Congress finds that a combination of economic, social, governmental, and technological forces have caused a rapid expansion of the Nation's urban areas, which has created critical problems of service and finance for all levels of government and which, combined with a rapid population growth in such areas, threatens severe problems of urban and suburban living, including the loss of valuable open-space land in such areas, for the preponderant majority of the Nation's present and future population.

"(b) It is the purpose of this title to help curb urban sprawl and prevent the spread of urban blight and deterioration, to encourage more economic and desirable urban development, and to help provide necessary recreational, conservation, and scenic areas by assisting State and local governments in taking prompt action to preserve open-space land which is essential to the proper long-range development and welfare of the Nation's urban areas, in accordance with plans for the allocation of such land for open-space purposes.

"Federal Grants

"SEC. 702. (a) In order to encourage and assist in the timely acquisition of land to be used as permanent open-space land, as defined herein, the Housing and Home Finance Administrator (hereinafter referred to as the 'Administrator') is authorized to enter into contracts to make grants to States and local public bodies acceptable to the Administrator as capable of carrying out the provisions of this title to help finance the acquisition of title to, or other permanent interests in, such land. The amount of any such grant shall not exceed 20 per centum of the total cost, as approved by the Administrator, of acquiring such interests: *Provided*, That this limitation may be increased to not to exceed 30 per centum in the case of a grant extended to a public body which (1) exercises responsibilities consistent with the purposes of this title for an urban area as a whole, or (2) exercises or participates in the exercise of such responsibilities for all or a substantial portion of an urban area pursuant to an interstate or other intergovernmental compact or agreement. The faith of the United States is pledged to the payment of all grants contracted for under this title.

"(b) The Administrator may enter into contracts to make grants under this title aggregating not to exceed \$50,000,000. There are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, the amounts necessary to provide for the payments of such grants as well as to carry out all other purposes of this title.

"(c) No grants under this title shall be used to defray development costs or ordinary State or local governmental expenses, or to help finance the acquisition by a public body of land located outside the urban area for which it exercises (or participates in the exercise of) responsibilities consistent with the purpose of this title.

"(d) The Administrator may set such further terms and conditions for assistance

under this title as he determines to be desirable.

"(e) The Administrator shall consult with the Secretary of the Interior on the general policies to be followed in reviewing applications for grants, to assist the Administrator in such review, the Secretary of the Interior shall furnish him appropriate information on the status of recreational planning for the areas to be served by the open-space land acquired with the grants. The Administrator shall provide current information to the Secretary from time to time on significant program developments.

"Planning Requirements

"SEC. 703. (a) The Administrator shall enter into contracts to make grants for the acquisition of land under this title only if he finds that (1) the proposed use of the land for permanent open space is important to the execution of a comprehensive plan for the urban area meeting criteria he has established for such plans, and (2) a program of comprehensive planning (as defined in section 701(d) of the Housing Act of 1954) is being actively carried on for the urban area.

"(b) In extending financial assistance under this title, the Administrator shall take such action as he deems appropriate to assure that local governing bodies are preserving a maximum of open-space land, with a minimum of cost, through the use of existing public land; the use of special tax, zoning, and subdivision provisions; and the continuation of appropriate private use of open-space land through acquisition and leaseback, the acquisition of restrictive easements, and other available means.

"Conversions to Other Uses

"SEC. 704. No open-space land for which a grant has been made under this title shall, without the approval of the Administrator, be converted to uses other than those originally approved by him. The Administrator shall approve no conversion of land from open-space use unless he finds that such conversion is essential to the orderly development and growth of the urban area involved and is in accord with the then applicable comprehensive plan, meeting criteria established by him. The Administrator shall approve any such conversion only upon such conditions as he deems necessary to assure the substitution of other open-space land of at least equal fair market value and of as nearly as feasible equivalent usefulness and location.

"Technical Assistance, Studies, and Publication of Information

"SEC. 705. In order to carry out the purpose of this title the Administrator is authorized to provide technical assistance to State and local public bodies and to undertake such studies and publish such information, either directly or by contract, as he shall determine to be desirable. There are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such amounts as may be necessary to provide for such assistance, studies, and publication. Nothing contained in this section shall limit any authority of the Administrator under any other provision of law.

"Definitions

"SEC. 706. As used in this title—

"(1) The term 'open-space land' means any undeveloped or predominantly undeveloped land in an urban area which has value for (A) park and recreational purposes, (B) conservation of land and other natural resources, or (C) historic or scenic purposes.

"(2) The term 'urban area' means any area which is urban in character, including those surrounding areas which, in the judgment of the Administrator, form an economic and socially related region, taking into consideration such factors as present and

future population trends and patterns of urban growth, location of transportation facilities and systems, and distribution of industrial, commercial, residential, governmental, institutional, and other activities.

"(3) The term 'State' means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam.

"TITLE VIII—FARM HOUSING

"SEC. 801. (a) Section 501(b) of the Housing Act of 1949 is amended by inserting '(1)' immediately after '(b)' and by adding at the end thereof a new paragraph as follows:

"(2) For the purposes of this title, the terms 'owner', 'farm', and 'mortgage' shall be deemed to include, respectively, the lessee of, the land included in, and other security interest in, any leasehold interest which the Secretary determines has an unexpired term (A) in the case of a loan, for a period sufficiently beyond the repayment period of the loan to provide adequate security and a reasonable probability of accomplishing the objectives for which the loan is made, and (B) in the case of a grant for a period sufficient to accomplish the objectives for which the grant is made."

"(b) Section 502(b)(1) of such Act is amended by striking out 'and such additional security' and inserting in lieu thereof the words 'or such other security'.

"(c) Sections 511, 512, and 513 of such Act are each amended by striking out '1961' and inserting in lieu thereof '1965'.

"SEC. 802. The second sentence of section 511 of the Housing Act of 1949 is amended by striking out '\$450,000,000' and inserting in lieu thereof '\$650,000,000'.

"SEC. 803. (a) Section 501(a) of the Housing Act of 1949 is amended by inserting '(1)' before 'to owners of farms', and by inserting before the period at the end thereof the following: ', and (2) to owners of other real estate in rural areas to enable them to provide dwellings and related facilities for their own use and buildings adequate for their farming operations'.

"(b) Section 501(c) of such Act is amended by inserting before the semicolon at the end of clause (1) the following: ', or that he is the owner of other real estate in a rural area without an adequate dwelling or related facilities for his own use or buildings adequate for his farming operations.'

"(c) Section 501 of such Act is further amended by adding at the end thereof the following new subsection:

"(d) As used in this title (except in sections 503 and 504(b)), the terms 'farm', 'farm dwelling', and 'farm housing' shall include dwellings or other essential buildings of eligible applicants."

"SEC. 804. (a) Title V of the Housing Act of 1949 is further amended by adding at the end thereof the following new section:

"Insurance of Loans for the Provision of Housing and Related Facilities for Domestic Farm Labor

"SEC. 514. (a) The Secretary is authorized to insure and make commitments to insure loans made by lenders other than the United States to the owner of any farm, any association of farmers, any State or political subdivision thereof, or any public or private nonprofit organization for the purpose of providing housing and related facilities for domestic farm labor in accordance with terms and conditions substantially identical with those specified in section 502; except that—

"(1) no such loan shall be insured in an amount in excess of the value of the farm involved less any prior liens in the case of a loan to an individual owner of a farm, or the total estimated value of the structures and facilities with respect to which the loan is made in the case of any other loan;

"(2) no such loan shall be insured if it bears interest at a rate in excess of 5 per centum per annum;

"(3) out of interest payments by the borrower the Secretary shall retain a charge in an amount not less than one-half of 1 per centum per annum of the unpaid principal balance of the loan;

"(4) the insurance contracts and agreements with respect to any loan may contain provisions for servicing the loan by the Secretary or by the lender, and for the purchase by the Secretary of the loan if it is not in default, on such terms and conditions as the Secretary may prescribe; and

"(5) the Secretary may take mortgages creating a lien running to the United States for the benefit of the insurance fund referred to in subsection (b) notwithstanding the fact that the note may be held by the lender or his assignee.

"(b) The Secretary shall utilize the insurance fund created by section 11 of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1005a) and the provisions of section 13 (a), (b), and (c) of such Act (7 U.S.C. 1005c (a), (b), and (c)) to discharge obligations under insurance contracts made pursuant to this section, and

"(1) the Secretary may utilize the insurance fund to pay taxes, insurance, prior liens, and other expenses to protect the security for loans which have been insured hereunder and to acquire such security property at foreclosure sale or otherwise;

"(2) the notes and security therefor acquired by the Secretary under insurance contracts made pursuant to this section shall become a part of the insurance fund. Loans insured under this section may be held in the fund and collected in accordance with their terms or may be sold and reinsured. All proceeds from such collections, including the liquidation of security and the proceeds of sales, shall become a part of the insurance fund; and

"(3) of the charges retained by the Secretary out of interest payments by the borrower, amounts not less than one-half of 1 per centum per annum of the unpaid principal balance of the loan shall be deposited in and become a part of the insurance fund. The remainder of such charges shall be deposited in the Treasury of the United States and shall be available for administrative expenses of the Farmers Home Administration, to be transferred annually to and become merged with any appropriation for such expenses.

"(c) Any contract of insurance executed by the Secretary under this section shall be an obligation of the United States and incontestable except for fraud or misrepresentation of which the holder of the contract has actual knowledge.

"(d) The aggregate amount of the principal obligations of the loans insured under this section shall not exceed \$25,000,000 in any one fiscal year.

"(e) Amounts made available pursuant to section 513 of this Act shall be available for administrative expenses incurred under this section.

"(f) As used in this section—

"(1) the term 'housing' means (A) new structures suitable for dwelling use by domestic farm labor, and (B) existing structures which can be made suitable for dwelling use by domestic farm labor by rehabilitation, alteration, conversion, or improvement; and

"(2) the term 'related facilities' means (A) new structures suitable for use as dining halls, community rooms or buildings, or infirmaries, or for other essential services facilities, and (B) existing structures which can be made suitable for the above uses by rehabilitation, alteration, conversion, or improvement; and

"(3) the term 'domestic farm labor' means citizens of the United States who receive a substantial portion (as determined by the Secretary) of their income as laborers on farms situated in the United States."

"(b) Title V of such Act is further amended—

"(1) by inserting in section 506(a) 'and section 514,' immediately after '501 to 504, inclusive,' each place it appears; and

"(2) by striking out 'under this title' in section 507 and inserting in lieu thereof 'under sections 501 to 504, inclusive'.

"(c) The first paragraph of section 24 of the Federal Reserve Act (12 U.S.C. 371) is amended by inserting after 'the Act of August 28, 1937, as amended' the following: ', or title V of the Housing Act of 1949, as amended'.

"SEC. 805. (a) Section 506 of the Housing Act of 1949 is amended—

"(1) by striking out the last sentence of subsection (a);

"(2) by redesignating subsection (b) as subsection (e); and

"(3) by inserting after subsection (a) the following new subsections:

"(b) The Secretary is further authorized to conduct research and technical studies including the development, demonstration, and promotion of construction of adequate farm dwellings and other buildings for the purpose of stimulating construction, improving the architectural design and utility of such dwellings and buildings, and utilizing new and native materials, economies in materials and construction methods, and new methods of production, distribution, assembly, and construction, with a view to reducing the cost of farm dwellings and buildings and adapting and developing fixtures and appurtenances for more efficient and economical farm use.

"(c) The Secretary is further authorized to carry out a program of research, study, and analysis of farm housing in the United States to develop data and information on—

"(1) the adequacy of existing farm housing;

"(2) the nature and extent of current and prospective needs for farm housing, including needs for financing and for improved design, utility, and comfort, and the best methods of satisfying such needs;

"(3) problems faced by farmers and other persons eligible under section 501 in purchasing, constructing, improving, altering, repairing, and replacing farm housing;

"(4) the interrelation of farm housing problems and the problems of housing in urban and suburban areas; and

"(5) any other matters bearing upon the provision of adequate farm housing.

"(d) To the extent determined by him to be advisable, the Secretary may carry out the research and study programs authorized by subsections (b) and (c) through grants made by him on such terms, conditions, and standards as he may prescribe to land-grant colleges established pursuant to the Act of July 2, 1862 (7 U.S.C. 301-308) or through such other agencies as he may select."

"(b) Section 513 of such Act is amended by striking out 'and (c)' and inserting in lieu thereof the following: '(c) not to exceed \$250,000 per year for research and study programs pursuant to subsections (b), (c), and (d) of section 506 during the period beginning July 1, 1961, and ending June 30, 1965; and (d)'.

"SEC. 806. (a) Section 508 of the Housing Act of 1949 is amended by striking out 'of \$5 per day' in subsection (a) and inserting in lieu thereof 'determined by the Secretary'.

"(b) Section 508 of such Act is amended by striking out 'their opinions of the reasonable values of the farms' in the second sentence of subsection (b) and inserting in lieu

thereof 'as to the amount of the loan or grant.'

"TITLE IX—MISCELLANEOUS

"Home Owners' Loan Act of 1933

"SEC. 901. (a) Section 5(c) of the Home Owners' Loan Act of 1933 is amended by striking out 'in loans insured under title I of the National Housing Act, as amended,' in the first sentence of the second paragraph and inserting in lieu thereof 'in loans insured under title I of the National Housing Act, in home improvement loans insured under title II of the National Housing Act,'.

"(b) Section 5(c) of such Act is further amended by adding at the end thereof the following new paragraph:

"Without regard to any other provision of this subsection except the area restriction and the \$35,000 limitation, any such association may invest an amount not exceeding at any one time 5 per centum of its assets in nonamortized loans which are made on the security of first liens upon homes or combinations of homes and business property and which (1) are repayable within a period of eighteen months, (2) provide that interest payments be made at least semiannually, and (3) do not exceed 80 per centum of the appraised value of the property involved. For the purposes of this paragraph the term "first liens" includes the assignment of the whole of the beneficial interest in a trust having a corporate trustee whereunder real estate held in the trust can be subjected to the satisfaction of the obligation or obligations secured with the same priority as a first mortgage, a first deed of trust, or a first trust deed in the jurisdiction where the real estate is located.'

"(c) Section 5(c) of such Act is further amended by adding at the end thereof (after the paragraph added by subsection (b) of this section) the following new paragraph:

"Without regard to any other provision of this subsection except the area restriction, any such association is authorized to invest an amount not exceeding at any one time 5 per centum of its assets in amortized loans or participating interests therein which are secured by first liens upon improved real estate used to provide housing facilities for the aging, subject to the following qualifications:

"(1) each such loan shall be repayable within a period of 30 years;

"(2) no such loan shall exceed 90 per centum of the appraised value of the improved real estate given as security therefor; and

"(3) each such loan—

"(A) shall be made upon and secured by real estate which is improved by housing accommodations, individual or multiple, designed for the purpose of providing accommodations for occupancy by aging persons, or of providing rest homes or nursing homes, so constructed or altered as to be suitable primarily for the occupancy of persons over fifty-five years of age and limited principally to the occupancy of such persons; and

"(B) shall be made for the implementation of the purpose described in clause (A).'

"(d) Section 5(c) of such Act is further amended by adding at the end thereof (after the paragraph added by subsection (c) of this section) the following new paragraph:

"Without regard to any other provision of this subsection, any such association is authorized to invest not more than 5 per centum of its assets in certificates of beneficial interest issued by any urban renewal investment trust. For the purposes of this paragraph the term "urban renewal investment trust" means an unincorporated trust established by written agreement between the authorized officers of two or more savings institutions the savings or share accounts of which are insured by an agency of the Federal Government, which agreement—

"(1) expressly limits the purposes of the trust and the investment powers of the

trustees to the elimination or prevention of the spread of slums and blighted or deteriorated or deteriorating areas and the redevelopment, renewal, rehabilitation, or conservation of such areas by private enterprise through financing the purchase or rehabilitation of real property, or the construction of improvements thereon, designed or usable for industrial, commercial, or housing purposes within the confines of an urban renewal area (as defined in section 110 of the Housing Act of 1949);

"(2) expressly limits the beneficial ownership of the trust to savings and loan associations or banks the savings or share accounts of which are insured by an agency of the Federal Government;

"(3) provides that such beneficial ownership be evidence by certificates of beneficial interest, which certificates shall have first claim at all times on the assets of the trust without preference between the holders thereof, and shall be fully transferable and assignable between any such banks and savings and loans associations at all times; and

"(4) expressly provides that it shall be effective and binding between the parties thereto only upon being approved by the board.

Any association chartered under the provisions of this section may become a party to any urban renewal investment trust. The Federal Home Loan Bank Board shall prescribe such rules and regulations, not inconsistent with the provisions of this paragraph, as it may deem necessary for the proper establishment of urban renewal investment trusts, for the effective operation thereof, and the participation in such operations of eligible institutions either as parties, as trustees, or as the holders of certificates of beneficial interest.'

"(e) Section 5(c) of such Act is further amended by adding at the end thereof (after the paragraph added by subsection (d) of this section) the following new paragraph:

"Without regard to any other provision of this subsection, any such association whose general reserves, surplus, and undivided profits aggregate a sum in excess of 5 per centum of its withdrawable accounts is authorized to invest in, to lend to, or to commit itself to lend to any business development credit corporation incorporated in the State in which the head office of such association is situated, in the same manner and to the same extent as the statutes of such State authorize a savings and loan association organized under the laws of said State to invest in, to lend to, or to commit itself to lend to such business development credit corporation, but the aggregate amount of such investments, loans, and commitments of any such association outstanding at any time shall not exceed one-half of 1 per centum of the total outstanding loans made by such association, or \$250,000, whichever is the lesser.'

"Federal Reserve Act

"SEC. 902. Section 24 of the Federal Reserve Act is amended by inserting at the end of the next to the last paragraph a new sentence as follows: 'Home improvement loans which are insured under the provisions of section 203(k) or 220(h) of the National Housing Act may be made without regard to the first lien requirements of this section.'

"Voluntary Home Mortgage Credit Program

"SEC. 903. Section 610(a) of the Housing Act of 1954 is amended by striking out '1961' and inserting in lieu thereof '1965'.

"Disposal of Passyunk War Housing Project

"SEC. 904. Section 802(a) of the Housing Act of 1959 is amended by striking out 'five' in the first sentence and inserting in lieu thereof 'six'.

"Disposal of Nathanael Greene Villa Housing Project

"SEC. 905. Notwithstanding the provisions of section 606 of the Act entitled 'An Act to expedite the provision of housing in connection with national defense, and for other purposes', approved October 14, 1940, as amended, and any agreements entered into thereunder, the Housing and Home Finance Administrator and the Public Housing Administration are authorized and directed to agree to the sale by the Housing Authority of Savannah, Georgia, to the City of Savannah, Georgia, of all right, title, and interest in and to Nathanael Greene Villa (low-rent housing project GA-2-8; formerly war housing project GA-9041), for a total price of \$275,000, which shall be paid to the Administration and deposited by the Administration in the Treasury as miscellaneous receipts in accordance with section 606(d) of such Act.

"Hospital Construction

"SEC. 906. (a) Section 605(b) of the Housing Act of 1956 is amended by striking out '1960' and inserting in lieu thereof '1962.'

"(b) Section 605(c) of such Act is amended by striking out 'and June 30, 1961' and inserting in lieu thereof 'June 30, 1961, and June 30, 1962'.

"Payment in Lieu of Taxes by Holyoke Housing Authority

"SEC. 907. Notwithstanding the provisions of any other law or any contract or rule of law, the Public Housing Commissioner shall approve the payment in lieu of taxes, in the amount of \$9,933.47, made by the Holyoke Housing Authority to the city of Holyoke, Massachusetts, under section 10(h) of the United States Housing Act of 1937, for its fiscal year ended December 31, 1956.

"Records and Audit

"SEC. 908. Section 814 of the Housing Act of 1954 is amended to read as follows:

"Records

"SEC. 814. Every contract between the Housing and Home Finance Agency (or any official or constituent thereof) and any person or local body (including any corporation or public or private agency or body) for a loan, advance, grant, or contribution under the United States Housing Act of 1937, as amended, the Housing Act of 1949, as amended, or any other Act shall provide that such person or local body shall keep such records as the Housing and Home Finance Agency (or such official or constituent thereof) shall from time to time prescribe, including records which permit a speedy and effective audit and will fully disclose the amount and the disposition by such person or local body of the proceeds of the loan, advance, grant, or contribution, or any supplement thereto, the capital cost of any construction project for which any such loan, advance, grant, or contribution is made, and the amount of any private or other non-Federal funds used or grants-in-aid made for or in connection with any such project. No mortgage covering new or rehabilitated multifamily housing (as defined in section 227 of the National Housing Act, as amended) shall be insured unless the mortgagor certifies that he will keep such records as are prescribed by the Federal Housing Commissioner at the time of the certification and that they will be kept in such form as to permit a speedy and effective audit. The Housing and Home Finance Agency or any official or constituent agency thereof and the Comptroller General of the United States shall have access to and the right to examine and audit such records. This section shall become effective on the first day after the first full calendar month following the date of approval of the Housing Act of 1961.'

"Administrative

"SEC. 909. Section 502 of the Housing Act of 1948 is amended by—

"(1) striking out in subsection (c) (3) the first proviso, the colon thereafter, and the words 'And provided further', and inserting in lieu thereof 'Provided,'; and

"(2) adding at the end thereof the following subsection:

"(d) The Housing and Home Finance Administrator, the Federal Housing Commissioner, and the Public Housing Commissioner, respectively, may utilize funds made available to them for salaries and expenses for payment in advance for dues or fees for library memberships in organizations (or for membership of the individual librarians of the respective agencies in organizations which will not accept library membership) whose publications are available to members only, or to members at a price lower than to the general public, and for payment in advance for publications available only upon that basis or available at a reduced price on prepublication order."

And the House agree to the same.

BRENT SPENCE,
WRIGHT PATMAN,
ALBERT RAINS,
ABRAHAM J. MULTER,

Managers on the Part of the House.

JOHN SPARKMAN,
PAUL H. DOUGLAS,
JOSEPH S. CLARK,
HARRISON WILLIAMS,
EDMUND S. MUSKIE,
EDWARD V. LONG,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the Senate bill and the House amendment. Except for technical, clarifying, and conforming changes, the following statement explains the differences between the House amendment and the substitute agreed to in conference:

TITLE I—NEW HOUSING PROGRAMS

FHA section 221

Type of Structure

The House bill contained a provision limiting FHA section 221 insurance to single-family homes. The Senate bill would continue existing law permitting mortgage insurance on 2-, 3-, and 4-family units. The conference substitute authorizes section 221 insurance for 2-, 3-, and 4-family units for displaced families only, and restricts the use of the program for other moderate income families to single-family homes.

Mortgage Terms on Sales Housing

The Senate bill provided that the downpayment requirements of the FHA section 203 program would apply to section 221 sales housing—that is, 3 percent of the first \$13,500 of value, plus 10 percent over \$13,500 up to a maximum mortgage of \$15,000. The Senate bill also provided a 40-year term. The House bill provided for a downpayment of 3 percent of the purchase price, including closing costs, for moderate income families and made no change in existing law for displaced families who need pay only \$200 in cash including closing costs. The House bill provided a 35-year maturity for moderate income families and made no change

in the 40-year term now in existing law for displaced families.

The conference substitute makes no change in the 40-year term now in existing law for displaced families. For new construction for moderate income families the substitute provides a 35-year maximum maturity, except that in hardship cases the Commissioner is authorized to permit an additional 5-year term up to 40 years where the buyer cannot meet the monthly payments under the shorter term. For existing construction for moderate income families a 30-year maximum maturity would apply. The downpayment would apply to purchase price and closing costs can be included in the loan.

Limit on Maximum Rehabilitation Mortgage

The Senate bill contained a provision, not in the House bill, permitting a section 221 rehabilitation loan to take into account the amount needed to refinance existing indebtedness against the property. (A similar difference existed between the provisions of the Senate and House bills on section 220 mortgages.) The conference substitute conforms to the Senate bill.

Eligible Borrowers for Low-Interest Rental Housing

The House bill included a provision making public bodies or agencies, other than local public housing authorities, eligible as borrowers. The conference substitute conforms to the House bill with an amendment making any public body eligible which does not receive financial assistance from the United States exclusively pursuant to the United States Housing Act of 1937.

Occupancy Requirements for Low-Interest Rental Housing

The House bill contained a provision limiting initial occupancy of low-interest section 221 rental housing to families whose incomes make it impossible for them to obtain decent, safe, and sanitary housing in the private market. There was no comparable provision in the Senate bill and none is contained in the conference substitute. The conference substitute does retain the language contained in both bills stating that "this section is designed to assist private industry in providing housing for low and moderate income families and families displaced from urban renewal areas or as a result of governmental action."

Termination of Program

The House bill contained a provision limiting the new program of low-interest loans under section 221 (along with the other section 221 programs) to 2 years except in the case of displaced families. The Senate bill contained no termination date for the low-interest program. The conference substitute would limit this program to 4 years.

FHA home improvement and rehabilitation loan program

Limitation on Loans

The Senate bill contained a provision, not in the House bill, limiting the new FHA insured home improvement loans to structures at least ten years old. The conference substitute omits this age limitation but contains a requirement that loans on structures less than ten years old under this program must involve major structural changes in the dwelling units (or to correct defects of certain specified types).

FNMA Authority To Purchase Loans

The House bill authorized FNMA purchases of the new FHA-insured home improvement loans in urban renewal areas only and through its special assistance function only. The Senate bill authorized FNMA to purchase these loans both inside and outside urban renewal areas and under both secondary market and special assistance. The conference substitute conforms to the Senate bill.

Condominium housing

Number of Units Per Purchaser

The House bill contained a provision limiting occupants of FHA-insured condominium housing to the ownership of a single insured unit. The Senate bill permitted an occupant to own up to four insured units. The conference substitute conforms to the Senate bill.

TITLE II—HOUSING FOR THE ELDERLY AND LOW-RENT HOUSING

Eligible Borrowers

The Senate bill contained a provision making public bodies or agencies eligible for direct loans under the housing for the elderly program authorized by the Housing Act of 1959. This provision was not in the House bill. The conference substitute makes eligible public bodies which do not receive financial assistance from the United States exclusively pursuant to the United States Housing Act of 1937.

Loan Authorization

The House bill would have authorized an additional \$100 million for direct loans for housing for the elderly. The Senate bill provided \$50 million for this purpose. The conference substitute authorizes \$75 million.

Minimum Age of Occupants

The House bill would have reduced the minimum age of occupants of housing for the elderly financed under the direct loan program from 62 to 60. There was no comparable provision in the Senate bill and none is contained in the conference substitute.

Low-rent public housing

Use of Existing Structures

The Senate bill contained language not in the House bill urging the Public Housing Administration to encourage the use of existing structures for low-rent public housing. The conference substitute omits this language. However, the conferees felt that this was a highly worthwhile purpose which might achieve substantial economies in the low-rent housing program and permit greater flexibility in its operations. It is hoped that the PHA, under its existing authority, will give every encouragement to the use of existing structures where reasonable.

Additional Subsidy for Elderly

Both the House and Senate bills contained provisions authorizing additional payments up to \$120 a year for a public housing unit occupied by an elderly family, if such payment is necessary to maintain the solvency of the project. A question arose whether or not the provision as written would permit these payments to be made in the case of the old PWA and War Housing projects which were built by the Federal Government and are now in the low-rent program. While no amendment was made by the conference, it is the clear understanding and intent of the conferees that these payments can be made for all projects in the public housing program, including those built under PWA and the War Housing Program.

Local Responsibility for Admission Policies

The House bill contained a provision extending for 4 years the existing waiver of certain admission requirements for veterans and servicemen. The Senate bill eliminated the rigid statutory priorities for admission and authorized greater flexibility for local authorities in shaping admission policies, but with the provision that due consideration be given to veterans and servicemen, families displaced by urban renewal and other government action, and the disabled and elderly. The conference substitute conforms to the Senate provision.

The Senate bill further provided that local housing authorities could permit overincome tenants to continue to occupy the project during the period the local agency determines that the overincome family is

unable to find a decent private dwelling within its financial reach. There is no similar provision in the House bill. The conference substitute contains the Senate language with an amendment requiring such an overincome family to pay an increased rent appropriate to its higher income status.

Demonstration Program

The Senate bill contained a provision authorizing grants to public or private bodies to develop and demonstrate new and improved means of providing housing for low-income families, and for economy in costs and management. \$10 million would have been authorized for this purpose. There was no similar provision in the House bill. The conference substitute retains the substance of the Senate provision with an amendment authorizing \$5 million for the Housing and Home Finance Agency to undertake the program.

Per Room Cost Limits

The Senate bill contained a provision not in the House bill, authorizing an increase in the per room cost limit from \$2,500 to \$3,500 for housing for the elderly in Alaska. The conference substitute contains the Senate provision.

TITLE III—URBAN RENEWAL

Incontestability of Federal Obligations

The Senate bill contained a provision making the Federal obligation to make payments to local public agencies under the urban renewal program incontestable when pledged as security for bonds issued by the local authority. There was no such provision in the House bill. The conference substitute contains the Senate provision and also applies it to securities issued by local housing authorities.

Eligibility for Relocation Payments

The Senate bill contained a provision not in the House bill making nonprofit organizations eligible for relocation payments under the urban renewal program. The conference substitute conforms to the Senate bill.

Loans to Displaced Business

Both the House and Senate bills contained provisions making displaced business firms eligible for loans on liberal terms through the Small Business Administration. The Senate provision limited loans to assist reestablishment of small business concerns (no comparable provision in House); the conference substitute conforms to the Senate bill. The House bill covered only businesses displaced by urban renewal, whereas the Senate bill also covered highway construction or any other federally aided construction; the conference substitute conforms to the Senate provision.

Under the Senate bill, the interest rate on these loans would be set by a formula which currently results in a 4½ percent interest rate. The House bill provided for the same rate now allowed on disaster loans (3 percent). The conference substitute would establish the rate by the formula now used in the college housing loan program (average interest on all Federal debt plus one-fourth of 1 percent for administrative costs) which currently gives a rate of 3½ percent. The Senate bill also had a provision not in the House bill authorizing \$50 million for these loans. The conference substitute would provide \$25 million.

Projects Involving Colleges and Hospitals

The Senate bill had a provision not in the House bill permitting certain expenditures by colleges and hospitals to count toward the local one-third share of urban renewal costs if made in connection with a project for which a loan and grant contract is authorized prior to September 25, 1963, if expenditures were made 5 years prior to the date of application for loan or grant.

The conference substitute conforms to the Senate provision.

Credit for Local Grant-in-Aid

The House bill contained a provision, not in the Senate bill, permitting credit for local grants-in-aid for projects approved under law prior to 1954 to be allowed on the basis of the more liberal provisions added to the law in 1954 and subsequently. The conference substitute retains this provision but restricts its applicability to the city of Norfolk.

Urban planning assistance

Grant Authorization

The House bill would have authorized an increase of \$30 million in the funds for urban planning grants. The Senate bill provided for an increase of \$80 million. The conference substitute authorizes an increase of \$55 million.

TITLE V—COMMUNITY FACILITY LOANS

Limit on Loans

The House bill limited the amount of loans which could be outstanding at any one time for a single project to \$10 million. There was no comparable provision in the Senate bill and none is contained in the conference substitute.

Types of Facilities

The House bill contained a provision making eligible any facility for which a loan could be made "in accordance with regulations of the Administrator immediately prior to" date of enactment of the bill. There was no comparable provision in the Senate bill and none is contained in the conference report.

Interest Rate

The House bill provided that the interest rate on public facility loans would be set at the average interest rate paid by the Treasury and on outstanding Federal debt, plus one-fourth of 1 percent for administrative costs (the college housing formula). There was no comparable provision in the Senate bill. The conference substitute conforms to the House bill except that one-half percent (instead of one-fourth percent) would be added for administrative costs (for the current fiscal year this yields a rate of 3¾ percent).

Loan Authorization

The Senate bill provided for an increase of \$50 million in the public facility loan fund. The House bill would have increased this fund by \$500 million. The conference substitute conforms to the House bill but with the provision that a maximum of \$50 million of this amount could be used for mass transit loans (discussed below).

Mass Transportation

The Senate bill authorized loans to State and local public bodies for facilities and equipment for mass transportation in urban areas, and earmarked \$100 million of the increased authority for public facility loans for this purpose. It also amended section 701 of the Housing Act of 1954 to provide specific authority for grants to cover planning for mass transportation, and made up to \$50 million of the urban renewal capital grant authority available for mass transportation demonstration projects. No such provisions were included in the House bill.

The conference substitute includes provisions authorizing temporary, emergency loans for facilities and equipment for mass transportation in urban areas, up to \$50 million. This authority would expire December 31, 1962. Grants for mass transportation demonstration projects would be authorized, to be made out of the funds available for urban renewal grants, in a total amount of not more than \$25 million. Planning grants under section 701 of the Housing Act of 1954 would be available for

developing comprehensive plans covering mass transportation as well as other problems of sound urban development.

TITLE VI—AMENDMENTS TO NATIONAL HOUSING ACT

Federal National Mortgage Association

Special Assistance for Cooperatives

The House bill contained a provision authorizing FNMA to reserve special assistance funds for purchase of a cooperative mortgage when FHA has issued a statement of feasibility on the project and application for FHA insurance has been filed. There was no comparable provision in the Senate bill and none is contained in the conference substitute.

Special Assistance for FHA Section 810 Housing

The House bill would have established a special assistance fund of \$25 million in FNMA for the purchase of FHA section 810 mortgages (housing in defense-impacted areas). There was no comparable provision in the Senate bill and none is contained in the conference report.

FHA insurance programs

Mortgage Insuring Authority

The Senate bill contained a provision removing the dollar ceiling on FHA mortgage insuring authority and establishing a termination date of October 1, 1965. The House bill was similar except that after October 1, 1965, the ceiling on FHA mortgage insuring authority would be the total amount of insurance and commitments then outstanding (thus permitting FHA to use its "roll-over" after that date). The conference substitute conforms to the Senate bill.

Maximum Mortgage Amount Under Section 203

The House bill contained a provision increasing the dollar limit on 1-family and 2-family home mortgages to \$27,500 (from \$22,500 and \$25,000, respectively). There was no comparable provision in the Senate bill. The conference substitute would increase the maximum amount of mortgages on 1-family homes to \$25,000 and on 2-family homes to \$27,500.

Maximum Maturity Under Section 203

The House bill contained a provision increasing the maximum maturity for the regular FHA sales housing program from 30 to 40 years. The Senate bill contained no similar provision. The conference substitute permits a 35-year maturity in the case of new construction but retains the existing 30-year maximum for existing construction.

Economic Feasibility of Cooperatives

The House bill provided that the test of whether construction of a cooperative project is economically feasible shall be whether purchasers are available who can afford the housing at the cooperative charges which will be imposed. There was no comparable provision in the Senate bill and none is contained in the conference substitute.

TITLE VII—OPEN SPACE LAND

Aid for Parks and Playgrounds

The House bill authorized a new program of partial Federal grants to assist in the acquisition of permanent open space land for use as parks and playgrounds, and authorized \$100 million for this purpose. There was no comparable provision in the Senate bill. The conference substitute conforms to the House provision except that the amount of grants which can be contracted for would be limited to \$50 million.

Land Development Insurance

The House bill contained a provision establishing a new program of FHA mortgage insurance for the acquisition and development of land for residential use. There was

no similar provision in the Senate bill and none is contained in the conference substitute.

TITLE VIII—FARM HOUSING

Farm Housing-Lesseees

The Senate bill contained a provision, not in the House bill, making lessees of farmland eligible for farm housing assistance under title V of the Housing Act of 1949. The conference substitute contains this provision.

TITLE IX—MISCELLANEOUS

Federal Savings and Loan Associations

The Senate bill contained a provision, not in the House bill, permitting Federal savings and loan associations to lend to or invest in business development corporations in the same State to the same extent as State-chartered associations in the State are permitted to make such loans and investments. Such loans would be limited to not more than one-half of 1 percent of an association's total outstanding loans or \$250,000, whichever is less. The conference substitute conforms to the Senate bill.

Disposal of Passyunk War Housing

The Senate bill contained a provision extending for 1 year the period during which military and civilian personnel may continue to occupy the Passyunk war housing project in Philadelphia. The comparable House provision would have made a 2-year extension. The conference substitute conforms to the Senate bill.

Requirement of Records

The Senate bill contained a provision, not in the House bill, requiring that every contract entered into by HHFA or one of its constituent agencies (and including FHA-insured multifamily housing) shall provide that the borrower or recipient of a grant shall keep such records as may be prescribed. The conference substitute contains this provision.

BRENT SPENCE,
WRIGHT PATMAN,
ALBERT RAINS,
ABRAHAM J. MULTER,

Managers on the Part of the House.

AMENDMENT OF SOCIAL SECURITY ACT

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the conferees may have until midnight tonight to file a conference report on the bill H.R. 6027, the amendments to the Social Security Act.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

LEGISLATIVE PROGRAM

Mr. McCORMACK. Mr. Speaker, I desire to announce that the conference report on the housing bill will be considered tomorrow.

I further desire to announce that the distinguished chairman of the Committee on Ways and Means, the gentleman from Arkansas [Mr. MILLS], will some day this week, perhaps tomorrow, if not the next day, ask unanimous consent for the immediate consideration of the following bills:

H.R. 5852, to provide for the free entry of a towing carriage for the University of Michigan.

H.R. 7678, to amend the Tariff Act of 1930 to provide for the free importation

of wild animals and wild birds which are intended for exhibition in the United States.

COMMITTEE ON RULES

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain reports.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

CORRECTION OF RECORD

Mr. PELLY. Mr. Speaker, on June 26, on page 10386 of the RECORD in colloquy with the gentleman from Virginia, I am quoted in the RECORD as saying that the distinguished gentleman from Virginia mentioned there are about \$24 billion whereas I said, "\$34 billion." I ask unanimous consent that the permanent RECORD be so corrected.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

THE WORTHY LIFE

(Mr. MICHEL asked and was given permission to extend his remarks at this point in the RECORD and to include a sermon.)

Mr. MICHEL. Mr. Speaker, on Sunday, June 18, the Reverend Robert P. Gates of First Presbyterian Church of Peoria, delivered a most timely sermon on "The Worthy Life," based upon the text found in the Book of Philippians 1: 27-2: 11.

I would call particular attention of my colleagues to the manner in which Reverend Gates treats the "tractors for prisoners" deal with Castro as a "dramatic illustration in our day of the tragedy and the bankruptcy of this lack of understanding of conduct worthy of a Christian."

Under unanimous consent, Mr. Speaker I include the full text of the sermon at this point in the RECORD:

THE WORTHY LIFE

(Sermon preached by Rev. Robert P. Gates, First Presbyterian Church, Peoria, Ill., June 18, 1961)

The articulate commentators of life have been telling us that we happened along in life when things are inordinately difficult or out of shape. According to them, the world is not quite normal. Great movements among people and nations are taking place. The world for the moment seems to lack direction. Mankind is riding on the bubbles of a boiling cauldron, and disturbances are bursting out all over.

One needs only to page through our newspapers and news magazines, or read the speeches of our public officials from the President on down, to see this theme and attitude arising: We are faced with a peculiar and a unique situation. Our generation is threatened by special circumstances.

Now, one can muse through an old library, as I did last week at the Hotel Moraine in Highland Park, where I attended a ministers' conference. In this gracious hotel there is a library where a barroom would normally be placed in a more modern

hotel. I wandered into that library for a little stimulation of the mind, and there I picked up a book of old vintage. In this book were various themes on life, some were written by Seneca, some by Marcus Aurelius, and some by 19th century commentators. Each observer seemed to see his own generation as men who were driving down a highway at night in a dense fog where signposts and landmarks were encased or obliterated in a cloud. No man could be certain which fork in the road to take.

The usual advice to the reader was to remain with a fluid attitude, try to do the best one can, stay on good terms with one's fellow man. And then, when the present emergency is over, then will be the time, then will be the opportunity to develop and direct one's life toward sound policies and goals and stand firm on well-proved principles.

Well, in our scripture this morning, we find Paul writing to the people in the church at Philippi in much the same vein. Like every other spokesman of any age, he sees his world as a world gone wrong. He tells his followers that they live in a warped and crooked generation. But, having said that, he differs greatly from our modern commentators or the ancient commentators. Paul gives some very definite instructions how a person is to respond and make decisions. He gives the Christian community then, and the Christian community now, a frame of reference, a standard of judgment, a table of values by which one can measure or mark out a course of action and follow it in certainty that he is walking in right paths, that he is making right decisions, that he is following the right road, even though he is unable to see the final goal or the destination to which that road takes him.

Paul begins by saying, "Let your conduct be worthy of the Gospel of Christ."

You ask, "Well, what is the Gospel of Christ?"

It is simply this: God is an active agent; a responsive power, a conscious being, alive, alert, and acting in the affairs of men. Now, this is not just some philosophical idealism. It's not some optimistic hope. It is not an opiate of the soul. Rather, it is a historical fact.

Contemporaries of Jesus, a first-century carpenter, became aware that all of their opinions and attitudes, presuppositions, and ideas that they held concerning God's character, His love, His compassion, His extreme power—this power of recreation to bring wholeness and health where there was brokenness and disease—was in some way bound up in this man, Jesus. And those who had the spiritual insight became convinced that Jesus was no mere carpenter turn prophet, nor a preacher, but was in fact the very incarnation of God, or as they put it, the Word of God, or God's power wrapped up in human form so it could mediate and interpret itself to men through a form that men could understand.

No longer was the truth of God's personal involvement in man's history left to the prophets, the philosophers, or sacred writings and traditions of the people, for all of these media need interpretation. Certainly we need to understand language if we are to understand a book, or a writing, or a speech. These media need interpretation. But a person is a self-interpreting being.

One need not know Russian to know if Mr. Khrushchev is expressing love or hate. One need not know Chinese to understand Mao Tse-tung. One needs no Spanish to understand Castro. Nor is any language necessary to understand mother love. People as people, persons as persons, by their very acts and by their very expressions, are self-interpreting.

HOUSING ACT OF 1961

JUNE 27, 1961.—Ordered to be printed

Mr. RAINS, from the committee of conference, submitted
the following

CONFERENCE REPORT

[To accompany S. 1922]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as the "Housing Act of 1961".

TITLE I—NEW HOUSING PROGRAMS

HOUSING FOR MODERATE INCOME FAMILIES

SEC. 101. (a) Section 221 of the National Housing Act is amended by—

(1) inserting before the text of such section a section heading as follows:

"HOUSING FOR MODERATE INCOME AND DISPLACED FAMILIES";

(2) striking out subsection (a) and inserting in lieu thereof the following:

"(a) This section is designed to assist private industry in providing housing for low and moderate income families and families displaced from urban renewal areas or as a result of governmental action.";

(3) inserting in subsection (b) after "any mortgage" the following: "(including advances during construction on mortgages covering property of the character described in paragraphs (3) and (4) of subsection (d) of this section)";

(4) striking out in subsection (d)(2) "(A) not to exceed" and all that follows down through "other prepaid expenses" and inserting in lieu thereof the following: "(A) not to exceed (i) \$11,000 in the case of a property upon which there is located a dwelling designed principally for a single-family residence, (ii) \$18,000 in the case of a property upon which there is located a dwelling designed principally for a two-family residence, (iii) \$27,000 in the case of a property upon which there is located a dwelling designed principally for a three-family residence, or (iv) \$33,000 in the case of a property upon which there is located a dwelling designed principally for a four-family residence: Provided, That a mortgage secured by property upon which there is located a dwelling designed principally for a two-, three-, or four-family residence shall not be insured under this section except in the case of a dwelling for occupancy by a family displaced from an urban renewal area or as a result of governmental action: Provided further, That the Commissioner may increase the foregoing amounts to not to exceed \$15,000, \$25,000, \$32,000, and \$38,000, respectively, in any geographical area where he finds that cost levels so require; and (B) not to exceed the appraised value of the property (as of the date the mortgage is accepted for insurance): Provided, That (i) if the mortgagor is the owner and an occupant of the property at the time of insurance, (1) in the case of a family displaced from an urban renewal area or as a result of Government action, he shall have paid on account of the property at least \$200 in the case of a single-family dwelling, \$400 in the case of a two-family dwelling, \$600 in the case of a three-family dwelling, and \$800 in the case of a four-family dwelling, or (2) in the case of any other family, he shall have paid on account of the property at least 3 per centum of the Commissioner's estimate of its acquisition cost; which amount in either instance may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses; or (ii) in the case of repair and rehabilitation, the amount of the mortgage shall not exceed the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation, except that in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property";

(5) striking out the last proviso in subsection (d)(2);

(6) striking out subsection (d)(3) and inserting in lieu thereof the following:

"(3) if executed by a mortgagor which is a public body or agency (and which certifies that it is not receiving financial assistance from the United States exclusively pursuant to the United States Housing Act of 1937), a cooperative (including an investor-sponsor who meets such requirements as the Commissioner may impose to assure that the consumer interest is protected), or a limited dividend corporation (as defined by the Commissioner), or a private nonprofit corporation

or association regulated or supervised under Federal or State laws or by political subdivisions of States, or agencies thereof, or by the Commissioner under a regulatory agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such manner as in the opinion of the Commissioner will effectuate the purposes of this section—

“(i) not exceed \$12,500,000;

“(ii) not exceed for such part of such property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$2,250 per room (or \$8,500 per family unit if the number of rooms in such property or project is less than four per family unit), except that the Commissioner may in his discretion increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,750 per room, and the dollar amount limitation of \$8,500 per family unit to not to exceed \$9,000 per family unit, as the case may be, to compensate for higher costs incident to the construction of elevator-type structures of sound standards of construction and design, and except that the Commissioner may increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,000 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require; and

“(iii) not exceed (1) in the case of new construction, the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner), or (2) in the case of repair and rehabilitation, the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation: Provided, That in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project: Provided further, That such property or project, when constructed, or repaired and rehabilitated, shall be for use as a rental or cooperative project, and low and moderate income families or families displaced by urban renewal or other governmental action shall be eligible for occupancy in accordance with such regulations and procedures as may be prescribed by the Commissioner and the Commissioner may adopt such requirements as he determines to be desirable regarding consultation with local public officials where such consultation is appropriate by reason of the relationship of such project to projects under other local programs; or”;

(7) striking out in subsection (d)(4) “which is not a nonprofit organization” and inserting in lieu thereof “other than a mortgagor referred to in subsection (d)(3)”;

(8) striking out subsection (d)(4)(ii) and inserting in lieu thereof the following:

"(ii) not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$2,250 per room (or \$8,500 per family unit if the number of rooms in such property or project is less than four per family unit), except that the Commissioner may in his discretion increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,750 per room, and the dollar amount limitation of \$8,500 per family unit to not to exceed \$9,000 per family unit, as the case may be, to compensate for higher costs incident to the construction of elevator type structures of sound standards of construction and design, and except that the Commissioner may increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,000 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require;"

(9) striking out in subsection (d)(4)(iv) all that follows "(iv)" down through "And provided further" and inserting in lieu thereof the following: "not exceed 90 per centum of the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation if the proceeds of the mortgage are to be used for the repair and rehabilitation of a property or project: Provided, That in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project: Provided further";

(10) striking out "and" at the end of subsection (d)(4), striking out in subsection (d)(5) "provide for complete amortization" and all that follows down through "lesser;", striking out the period at the end of subsection (d)(5) and inserting in lieu thereof "; and", and adding after subsection (d)(5) the following:

"(6) provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but as to mortgages coming within the provisions of subsection (d)(2) not to exceed from the date of the beginning of amortization of the mortgage (i) 40 years in the case of a family displaced from an urban renewal area or as a result of governmental action, (ii) 35 years in the case of any other family if the mortgage is approved for insurance prior to construction, except that the period in such case may be increased to not more than 40 years where the mortgagor is an owner-occupant of the property and is not able, as determined by the Commissioner, to make the required payments under a mortgage having a shorter amortization period, and (iii) 30 years in the case of any other family where the mortgage is not approved for insurance prior to construction: Provided, That no mortgage insured under subsection (d)(2) shall have a maturity exceeding three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements.";

(11) inserting before the period at the end of subsection (d)(5) the following: "Provided, That a mortgage insured under the provisions of subsection (d)(3) shall bear interest (exclusive of any

premium charges for insurance and service charge, if any) at not less than the annual rate of interest determined, from time to time by the Secretary of the Treasury at the request of the Commissioner, by estimating the average market yield to maturity on all outstanding marketable obligations of the United States, and by adjusting such yield to the nearest one-eighth of 1 per centum, and there shall be no differentiation in the rate of interest charged under this proviso as between mortgagors under subsection (d)(3) on the basis of differences in the types or classes of such mortgagors”;

(12) inserting the following at the end of subsection (f): “A property or project covered by a mortgage insured under the provisions of subsection (d)(3) or (d)(4) shall include five or more family units. The Commissioner is authorized to adopt such procedures and requirements as he determines are desirable to assure that the dwelling accommodations provided under this section are available to families displaced from urban renewal areas or as a result of governmental action. Notwithstanding any provision of this Act, the Commissioner, in order to assist further the provision of housing for low and moderate income families, in his discretion and under such conditions as he may prescribe, may insure a mortgage which meets the requirements of subsection (d)(3) of this section as in effect after the date of enactment of the Housing Act of 1961, with no premium charge, with a reduced premium charge, or with a premium charge for such period or periods during the time the insurance is in effect as the Commissioner may determine, and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to reimburse the Section 221 Housing Insurance Fund for any net losses in connection with such insurance. No mortgage shall be insured under subsection (d)(2) or (d)(4) after July 1, 1963, or under subsection (d)(3) after July 1, 1965, except pursuant to a commitment to insure before that date, or except a mortgage covering property which the Commissioner finds will assist in the provision of housing for families displaced from urban renewal areas or as a result of governmental action.”;

(13) redesignating paragraph (3) of subsection (g) as paragraph (4) and inserting after paragraph (2) of subsection (g) a new paragraph as follows:

“(3) as to mortgages meeting the requirements of this section which are insured or initially endorsed for insurance on or after the date of enactment of the Housing Act of 1961, notwithstanding the provisions of paragraphs (1) and (2) of this subsection, the Commissioner in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such paragraphs in cash or in debentures (as provided in the mortgage insurance contract), or may acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner and made previously by the mortgagee under the provisions of the mortgage, and after the acquisition of any such mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan. The appropriate provisions of

sections 204 and 207 relating to the issuance of debentures shall apply with respect to debentures issued under this paragraph, and the appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this paragraph, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages so acquired (A) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 221 Housing Insurance Fund, (B) all references in section 204 to section 203 shall be construed to refer to this section, and (C) all references in section 207 to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Section 221 Housing Insurance Fund; or”;

(14) striking out in paragraph (4) of subsection (g) (as redesignated by the preceding paragraph) the phrase “this paragraph (3)”, each place it appears, and inserting in lieu thereof “this paragraph”; and

(15) inserting in the last sentence of subsection (h) after “cash adjustments,” the following: “cash payments,”.

(b) Section 101(c) of the Housing Act of 1949 is amended by—

(1) striking out “under section 220 or 221” and inserting in lieu thereof “under section 220 or section 221(d)(3)”;

(2) striking out “of section 220(d), or under section 221 of the National Housing Act, as amended, if the mortgaged property is in an area described in clause (3) of section 221(a) of said Act, or in a community referred to in clause (2)(B) of said section” and inserting in lieu thereof “of section 220(d) of the National Housing Act”; and

(3) striking out clause (iii) and renumbering clause (iv) as clause (iii).

(c) Section 305 of the National Housing Act is amended by adding at the end thereof a new subsection as follows:

“(h) Notwithstanding clause (2) of section 302(b) and any provision of this Act which is inconsistent with this subsection, the Association is authorized (subject to Presidential action as provided in subsection (a), as limited by subsection (c)) to purchase pursuant to commitments or otherwise, and to service, sell, or otherwise deal in, mortgages insured under the provisions of section 221(d)(3) of this Act.”

(d) Section 223 of the National Housing Act is amended by redesignating subsection (b) as subsection (c), and by inserting after subsection (a) the following new subsection:

“(b) Notwithstanding any of the provisions of this title and without regard to limitations upon eligibility contained in section 221, the Commissioner may in his discretion insure under section 221(d)(3) any mortgage executed by a mortgagor of the character described therein where such mortgage is given to refinance a mortgage covering an existing property or project (other than a one- to four-family structure) located in an urban renewal area, if the Commissioner finds that such insurance will facilitate the occupancy of dwelling units in the property or project by families of low or moderate income or families displaced from an urban renewal area or displaced as a result of governmental action.”

HOME IMPROVEMENT AND REHABILITATION LOANS

SEC. 102. (a) Section 220 of the National Housing Act is amended by—

(1) striking out the provisos in subsections (d)(3)(A)(i) and (d)(3)(B)(ii) and inserting in lieu thereof in each subsection the following: “: Provided, That in the case of properties other than new construction, the foregoing limitations upon the amount of the mortgage shall be based upon the sum of the estimated cost of repair and rehabilitation and the Commissioner’s estimate of the value of the property before repair and rehabilitation rather than upon the Commissioner’s estimate of the replacement cost: Provided further, That in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project”;

(2) striking out “mortgage insurance” in subsection (a) and inserting in lieu thereof “loan and mortgage insurance”; and

(3) adding at the end thereof the following subsection:

“(h)(1) To assist further in the conservation, improvement, repair, and rehabilitation of property located in the area of an urban renewal project, as provided in paragraph (1) of subsection (d) of this section, the Commissioner is authorized upon such terms and conditions as he may prescribe to make commitments to insure and to insure home improvement loans (including advances during construction or improvement) made by financial institutions on and after the date of enactment of the Housing Act of 1961. As used in this subsection, ‘home improvement loan’ means a loan, advance of credit, or purchase of an obligation representing a loan or advance of credit made for the purpose of financing the improvement of an existing structure (or in connection with an existing structure) which was constructed not less than ten years prior to the making of such loan, advance, or purchase, and which is used or will be used primarily for residential purposes: Provided, That a home improvement loan shall include a loan, advance, or purchase with respect to the improvement of a structure which was constructed less than ten years prior to the making of such loan, advance, or purchase if the proceeds are or will be used primarily for major structural improvements, or to correct defects which were not known at the time of the completion of the structure or which were caused by fire, flood, windstorm, or other casualty; ‘improvement’ means conservation, repair, restoration, rehabilitation, conversion, alteration, enlargement, or remodeling; and ‘financial institution’ means a lender approved by the Commissioner as eligible for insurance under section 2 or a mortgagee approved under section 203(b)(1).

“(2) To be eligible for insurance under this subsection, a home improvement loan shall—

“(i) not exceed the Commissioner’s estimate of the cost of improvement, or \$10,000 per family unit, whichever is the lesser;

“(ii) be limited to an amount which when added to any outstanding indebtedness related to the property (as determined by the Commissioner) creates a total outstanding indebtedness which does not exceed the limits provided in subsection (d)(3) for properties (of the same type) other than new construction;

“(iii) bear interest at not to exceed a rate prescribed by the Commissioner, but not in excess of 6 per centum per annum of the amount

of the principal obligation outstanding at any time, and such other charges (including such service charges, appraisal, inspection, and other fees) as may be approved by the Commissioner;

“(iv) have a maturity satisfactory to the Commissioner, but not to exceed twenty years from the beginning of amortization of the loan or three-quarters of the remaining economic life of the structure, whichever is the lesser;

“(v) comply with such other terms, conditions, and restrictions as the Commissioner may prescribe; and

“(vi) represent the obligation of a borrower who is the owner of the property improved, or a lessee of the property under a lease for not less than 99 years which is renewable or under a lease having a period of not less than 50 years to run from the date of the loan.

“(3) Any home improvement loan insured under this subsection may be refinanced and extended in accordance with such terms and conditions as the Commissioner may prescribe, but in no event for an additional amount or term in excess of the maximum provided for in this subsection.

“(4) There is hereby created a separate Section 220 Home Improvement Account to be maintained under the Section 220 Housing Insurance Fund and to be used by the Commissioner as a revolving fund for carrying out the provisions of this subsection. The Commissioner is authorized to transfer to such Account the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. Any premium charges, and appraisal and other fees received on account of the insurance of any home improvement loan accepted for insurance under this subsection, and the receipts derived from the sale, collection, deposit, or compromise of any evidence of debt, contract, claim, property, or security assigned to or held by the Commissioner in connection with the payment of insurance under this subsection, shall be credited to the Section 220 Home Improvement Account. Insurance claims under this subsection and expenses incurred in the handling, management, renovation, and disposal of any properties acquired by the Commissioner under this subsection shall be charged to the Section 220 Home Improvement Account. General expenses of operation of the Federal Housing Administration and other expenses incurred under this subsection may be charged to the Section 220 Home Improvement Account. Moneys in the Account not needed for the current operation of the Federal Housing Administration under this subsection shall be deposited with the Treasurer of the United States to the credit of the Account, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. In order to protect the solvency of the Section 220 Home Improvement Account, adequate security shall be taken in connection with loans insured under this subsection in such manner as the Commissioner may require.

“(5) The Commissioner is authorized to fix a premium charge for the insurance of home improvement loans under this subsection but in the case of any such loan such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the loan outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the financial institution either in cash or in debentures (at par plus accrued interest) issued by the Commissioner as obligations of the Section 220 Home Improvement Account, in such manner as may be

prescribed by the Commissioner, and the Commissioner may require the payment of one or more such premium charges at the time the loan is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the loan. If the Commissioner finds upon presentation of a loan for insurance and the tender of the initial premium charge or charges so required that the loan complies with the provisions of this subsection, such loan may be accepted for insurance by endorsement or otherwise as the Commissioner may prescribe. In the event the principal obligation of any loan accepted for insurance under this subsection is paid in full prior to the maturity date, the Commissioner is authorized to refund to the financial institution for the account of the borrower all, or such portions as he shall determine to be equitable, of the current unearned premium charges theretofore paid.

“(6) In cases of defaults on loans insured under this subsection, upon receiving notice of default, the Commissioner, in accordance with such regulations as he may prescribe, may acquire the loan and any security therefor upon payment to the financial institution in cash or in debentures (as provided in the loan insurance contract) of a total amount equal to the unpaid principal balance of the loan, plus any accrued interest, any advances approved by the Commissioner made previously by the financial institution under the provisions of the loan instruments, and reimbursement for such collection costs, court costs, and attorney fees as may be approved by the Commissioner.

“(7) Debentures issued under this subsection shall be executed in the name of the Section 220 Home Improvement Account as obligor, shall be signed by the Commissioner, by either his written or engraved signature, shall be negotiable, and shall be dated as of the date the loan is assigned to the Commissioner and shall bear interest from that date. They shall bear interest at a rate established by the Commissioner pursuant to section 224, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature ten years after their date of issuance. They shall be exempt from taxation as provided in section 207(i) with respect to debentures issued under that section. They shall be paid out of the Section 220 Home Improvement Account which shall be primarily liable therefor and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and the guaranty shall be expressed on the face of the debentures. In the event the Section 220 Home Improvement Account fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures. Debentures issued under this subsection shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury, and they may be in coupon or registered form. Any difference between the amount of the debentures to which the financial institution is entitled, and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Commissioner to the financial institution from the Section 220 Home Improvement Account.

"(8) The provisions of subsections (c), (d), and (h) of section 2 shall apply to home improvement loans insured under this subsection, and for the purposes of this subsection references in subsections (c), (d), and (h) of section 2 to 'this section' or 'this title' shall be construed to refer to this subsection.

"(9)(A) Notwithstanding any other provisions of this Act, no home improvement loan executed in connection with the improvement of a structure for use as rental accommodations for five or more families shall be insured under this subsection unless the borrower has agreed (i) to certify, upon completion of the improvement and prior to final endorsement of the loan, either that the actual cost of improvement equaled or exceeded the proceeds of the home improvement loan, or the amount by which the proceeds of the loan exceed the actual cost, as the case may be, and (ii) to pay forthwith to the financial institution, for application to the reduction of the principal of the loan, the amount, if any, certified to be in excess of the actual cost of improvement. Upon the Commissioner's approval of the borrower's certification as required under this paragraph, the certification shall be final and incontestable, except for fraud or material misrepresentation on the part of the borrower.

"(B) As used in subparagraph (A), the term 'actual cost' means the cost to the borrower of the improvement, including the amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organization and legal expenses, such allocations of general overhead items as are acceptable to the Commissioner, and other items of expense approved by the Commissioner, plus a reasonable allowance for builder's profit if the borrower is also the builder, as defined by the Commissioner, and excluding the amount of any kickbacks, rebates, or trade discounts received in connection with the improvement.

"(10) Notwithstanding any other provision of this Act, the Commissioner is authorized and empowered (i) to make expenditures and advances out of funds made available by this Act to preserve and protect his interest in any security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to, insured by, or acquired by the Commissioner or by the United States under this subsection, or section 2 or 203(k); and (ii) to bid for and to purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any loan or other indebtedness owing to or acquired by the Commissioner or by the United States under this subsection, or section 2 or 203(k). The authority conferred by this paragraph may be exercised as provided in the last sentence of section 204(g)."

(b) Section 203 of the National Housing Act is amended by—

(1) striking out in subsection (e) "of the mortgage" and inserting in lieu thereof "of the loan or mortgage";

(2) striking out in subsection (e) "approved mortgagee" each place it appears and inserting in lieu thereof "approved financial institution or approved mortgagee"; and

(3) adding at the end thereof the following subsection:

"(k) To supplement the mortgage insurance provisions of this section in order to assist the conservation, improvement, and alteration of housing, the Commissioner is authorized to make commitments to insure and to insure a home improvement loan (including advances during construction or improvement) under this subsection in accordance with the provisions of section 220(h), except that (1) the structures improved shall be designed for occupancy by not more than four families and shall not be required

to be located in the area of an urban renewal project, (2) the Commissioner shall find that the project with respect to which the loan is executed is economically sound, (3) all funds received and all disbursements made shall be credited or charged, as appropriate, to a separate Section 203 Home Improvement Account to be maintained as hereinafter provided under the Mutual Mortgage Insurance Fund, and (4) insurance benefits shall be paid in debentures executed in the name of the Section 203 Home Improvement Account. For the purposes of this subsection, the Commissioner shall have all the authority provided in section 220(h). Debentures issued with respect to loans insured under this subsection shall be issued in accordance with sections 220(h)(6) and 220(h)(7), except that as applied to those loans references in section 220(h) to 'this subsection' shall be construed to refer to this section 203(k), references to the Section 220 Home Improvement Account shall be construed to refer to the Section 203 Home Improvement Account, and references to the Section 220 Housing Insurance Fund shall be construed to refer to the Mutual Mortgage Insurance Fund. All of the provisions in section 220(h)(4) relative to the Section 220 Home Improvement Account shall be equally applicable to the Section 203 Home Improvement Account. There is hereby created a separate Section 203 Home Improvement Account under the Mutual Mortgage Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this subsection, and the Commissioner is authorized to transfer to such Account the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. The provisions of section 205(c) shall not be applicable to loans insured under this subsection."

(c) Section 302(b) of the National Housing Act is amended by adding at the end thereof the following new sentence: "For the purposes of this title, the term 'mortgages' shall be inclusive of any mortgages or other loans insured under any of the provisions of the National Housing Act."

EXPERIMENTAL HOUSING MORTGAGE INSURANCE

SEC. 103. Title II of the National Housing Act is amended by adding at the end thereof the following section:

"EXPERIMENTAL HOUSING

"SEC. 233. (a) In order to assist in lowering housing costs and improving housing standards, quality, livability, or durability or neighborhood design through the utilization of advanced housing technology, or experimental property standards, the Commissioner is authorized to insure and to make commitments to insure, under this section, mortgages (including, in the case of mortgages insured under subsection (b)(2) of this section, advances on such mortgages during construction) secured by properties including dwellings involving the utilization and testing of advanced technology in housing design, materials, or construction, or experimental property standards for neighborhood design if the Commissioner determines that (1) the property is an acceptable risk, giving consideration to the need for testing advanced housing technology or experimental property standards, (2) the utilization and testing of the advanced technology or experimental property standards involved will provide data or experience which the Commissioner deems to be significant

in reducing housing costs or improving housing standards, quality, livability, or durability, or improving neighborhood design, and (3) the mortgages are eligible for insurance under the provisions of this section and under any further terms and conditions which may be prescribed by the Commissioner to establish the acceptability of the mortgages for insurance.

"(b) To be eligible for insurance under this section a mortgage shall—

"(1) meet the requirements of section 203(b), except that the maximum principal obligation of the mortgage as computed under clauses (i), (ii), and (iii) of section 203(b)(2) shall be determined on the basis of the Commissioner's estimate of the cost of replacing the property using comparable conventional design, materials, and construction rather than value, and the proviso in section 203(b)(8) shall not be applicable to mortgages insured under this section; or

"(2) meet the requirements of section 207(b) and section 207(c), except that the maximum principal obligation of the mortgage as computed under section 207(c)(2) shall be determined on the basis of the Commissioner's estimate of the cost of replacing the property using comparable conventional design, materials, and construction rather than value.

"(c) The Commissioner may enter into such contracts, agreements, and financial undertakings with the mortgagor and others as he deems necessary or desirable to carry out the purposes of this section, and may expend available funds for such purposes, including the correction (when he determines it necessary to protect the occupants), at any time subsequent to insurance of a mortgage, of defects or failures in the dwellings which the Commissioner finds are caused by or related to the advanced housing technology utilized in their design or construction or experimental property standards.

"(d) The Commissioner may make such investigations and analyses of data, and publish and distribute such reports, as he determines to be necessary or desirable to assure the most beneficial use of the data and information to be acquired as a result of this section.

"(e) Any mortgagee under a mortgage insured under subsection (b)(1) of this section shall be entitled to the benefits of the insurance as provided in section 204(a) with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall apply to the mortgages insured under subsection (b)(1), except that as applied to those mortgages (1) all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Experimental Housing Insurance Fund, and (2) all references therein to section 203 shall be construed to refer to this section.

"(f) Any mortgagee under a mortgage insured under subsection (b)(2) of this section shall be entitled to the benefits of the insurance as provided in section 207(g) with respect to mortgages insured under section 207, and the provisions of subsections (d), (e), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 shall apply to the mortgages insured under subsection (b)(2) of this section, except that as applied to those mortgages (1) all references therein to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Experimental Housing Insurance Fund, and (2) all references therein to 'this section' shall be construed to refer to this section 233.

"(g) Notwithstanding the provisions of subsections (e) and (f) of this section, in the case of default on any mortgage insured under this section,

the Commissioner in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such subsections in cash or in debentures (as provided in the mortgage insurance contract), or may acquire the mortgage loan and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgagee insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner made previously by the mortgagee under the provisions of the mortgage. After the acquisition of the mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the mortgage. The appropriate provisions of sections 204 and 207 relating to the issuance of debentures shall apply with respect to debentures issued under this subsection, and the appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this subsection, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages insured under this section (1) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Experimental Housing Insurance Fund, (2) all references in section 204 to section 203 shall be construed to refer to this section, and (3) all references in section 207 to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Experimental Housing Insurance Fund.

“(h) There is hereby created an Experimental Housing Insurance Fund to be used by the Commissioner as a revolving fund to carry out the provisions of this section, and the Commissioner is directed to transfer the sum of \$1,000,000 to the Fund from the War Housing Insurance Fund created by section 602 of this Act. General expenses of operation of the Federal Housing Administration and other expenses incurred under this section may be charged to the Experimental Housing Insurance Fund.”

INDIVIDUALLY OWNED UNITS IN MULTIFAMILY STRUCTURES

SEC. 104. Title II of the National Housing Act is amended by adding after section 233 (as added by section 103 of this Act) the following section:

“MORTGAGE INSURANCE FOR INDIVIDUALLY OWNED UNITS IN MULTIFAMILY STRUCTURES

“SEC. 234. (a) The purpose of this section is to provide an additional means of increasing the supply of privately owned dwelling units where, under the laws of the State in which the property is located, real property title and ownership are established with respect to a one-family unit which is part of a multifamily structure.

“(b) The terms ‘mortgage’, ‘mortgagee’, ‘mortgagor’, ‘maturity date’, and ‘State’ shall have the meanings respectively set forth in section 201, except that the term ‘mortgage’ for the purposes of this section may include a first mortgage given to secure the unpaid purchase price of a fee interest in, or a long-term leasehold interest in, a one-family unit in a multifamily structure and an undivided interest in the common areas

and facilities which serve the structure where the mortgage is determined by the Commissioner to be eligible for insurance under this section. The term 'common areas and facilities' as used in this section shall be deemed to include the land and such commercial, community, and other facilities as are approved by the Commissioner.

"(c) The Commissioner is authorized, in his discretion and under such terms and conditions as he may prescribe (including the minimum number of family units in the structure which shall be offered for sale and provisions for the protection of the consumer and the public interest), to insure any mortgage covering a one-family unit in a multifamily structure and an undivided interest in the common areas and facilities which serve the structure, if (1) the mortgage meets the requirements of this section and of section 203(b), except as that section is modified by this section, (2) the structure is or has been covered by a mortgage insured under another section (except section 213) of this Act, notwithstanding any requirements in any such section that the structure be constructed or rehabilitated for the purpose of providing rental housing, and (3) the mortgagor is acquiring, or has acquired, a family unit covered by a mortgage insured under this section for his own use and occupancy and will not own more than four one-family units covered by mortgages insured under this section. Any project proposed to be constructed or rehabilitated after the date of enactment of the Housing Act of 1961 with the assistance of mortgage insurance under this Act, where the sale of family units is to be assisted with mortgage insurance under this section, shall be subject to such requirements as the Commissioner may prescribe. To be eligible for insurance pursuant to this section a mortgage shall (A) involve a principal obligation in an amount not to exceed the limits per room and per family dwelling unit provided by section 207(c)(3), and not to exceed the sum of (i) 97 per centum of \$13,500 of the amount which the Commissioner estimates will be the appraised value of the family unit including common areas and facilities as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of \$13,500 but not in excess of \$18,000, and (iii) 70 per centum of such value in excess of \$18,000, and (B) have a maturity satisfactory to the Commissioner but not to exceed, in any event, thirty years from the date of the beginning of amortization of the mortgage or three-fourths of the Commissioner's estimate of the remaining economic life of the structure, whichever is the lesser. In determining the amount of a mortgage in the case of a non-occupant mortgagor the reference to paragraph (2) of section 203(b) in section 203(b)(8) shall be construed to refer to the preceding sentence in this section. The mortgage shall contain such provisions as the Commissioner determines to be necessary for the maintenance of common areas and facilities and the multifamily structure. The mortgagor shall have exclusive right to the use of the one-family unit covered by the mortgage and, together with the owners of other units in the multifamily structure, shall have the right to the use of the common areas and facilities serving the structure and the obligation of maintaining all such common areas and facilities. The Commissioner may require that the rights and obligations of the mortgagor and the owners of other dwelling units in the structure shall be subject to such controls as he determines to be necessary and feasible to promote and protect individual owners, the multifamily structure, and its occupants. For the purposes of this section, the Commissioner is authorized in his discretion and under such terms and conditions as he may prescribe to permit one-family units and interests in

common areas and facilities in multifamily structures covered by mortgages insured under any section of this Act (other than section 213) to be released from the liens of those mortgages.

“(d) Any mortgagee under a mortgage insured under this section is entitled to receive the benefits of the insurance as provided in section 204(a) of this Act with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall be applicable to the mortgages insured under this section, except that (1) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Apartment Unit Insurance Fund, (2) all references therein to section 203 shall be construed to refer to this section, and (3) the excess remaining, referred to in section 204(f)(1), shall be retained by the Commissioner and credited to the Apartment Unit Insurance Fund.

“(e) There is hereby created the Apartment Unit Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section. The Commissioner is authorized to transfer to the Fund the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Apartment Unit Insurance Fund. The provisions of the second and third paragraphs of section 220(g) shall be applicable to the Apartment Unit Insurance Fund and to this section, all references therein to the Section 220 Housing Insurance Fund or the Fund shall be construed to refer to the Apartment Unit Insurance Fund, and all references therein to ‘this section’ shall be construed to refer to this section 234.

“(f) The provisions of sections 225, 229, and 230 shall be applicable to the mortgages insured under this section.”

TITLE II—HOUSING FOR ELDERLY PERSONS AND LOW INCOME FAMILIES

HOUSING FOR THE ELDERLY

DIRECT LOANS

SEC. 201. (a) Section 202 of the Housing Act of 1959 is amended by—

(1) inserting in subsection (a)(1) after the words “private non-profit corporations” the following: “, consumer cooperatives, or public bodies or agencies”;

(2) striking out subsection (a)(2) and inserting in lieu thereof the following:

“(2) In order to carry out the purpose of this section, the Administrator may make loans to any corporation (as defined in subsection (d)(2)), to any consumer cooperative, or to any public body or agency for the provision of rental or cooperative housing and related facilities for elderly families and elderly persons, except that (A) no such loan shall be made unless the applicant shows that it is unable to secure the necessary funds from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this section, (B) no such loan shall be made unless the Administrator finds that the construction will be undertaken in an economical manner and that it will not be of elaborate or extravagant design or materials, and (C) no such loan shall be made to

a public body or agency unless it certifies that it is not receiving financial assistance from the United States exclusively pursuant to the United States Housing Act of 1937.”;

(3) striking out in subsection (a)(3) “A loan to a corporation under this section” and inserting in lieu thereof “A loan under this section”; and

(4) striking out in subsection (c)(3) “corporation undertaking” and inserting in lieu thereof “corporation, cooperative, or public body or agency undertaking”.

(b) Section 202(a)(3) of such Act is amended by striking out “98 per centum of”.

(c) Section 202(a)(4) of such Act is amended by striking out “\$50,000,000” and inserting in lieu thereof “\$125,000,000”, and by striking out the second sentence.

(d) Section 202 of such Act is further amended by adding at the end thereof the following new subsection:

“(e) Nothing in this section or in regulations promulgated under this section shall prevent a corporation or consumer cooperative from obtaining a loan under this section for the provision of housing and related facilities for elderly families and elderly persons, notwithstanding the fact that such corporation or cooperative has theretofore obtained a commitment from the Federal Housing Administration for mortgage insurance under section 231 of the National Housing Act with respect to the housing involved, if (1) such corporation or cooperative is otherwise eligible for such loan under this section, (2) such commitment was obtained prior to the date of enactment of the Housing Act of 1961, and (3) the Administrator determines that the financing of such housing through a loan under this section rather than through mortgage insurance under such section 231 is necessary or desirable in order to avoid hardship for the elderly families and elderly persons who are the prospective tenants of such housing.”

LOW-RENT PUBLIC HOUSING

ELIGIBILITY REQUIREMENT FOR DISABLED PERSONS

SEC. 202. Section 2 of the United States Housing Act of 1937 is amended by striking out the words “has attained the age of fifty and” in the second and third sentences of paragraph (2), and by striking out paragraph (14) and renumbering paragraph (15) as paragraph (14).

ADDITIONAL SUBSIDY FOR ELDERLY TENANTS

SEC. 203. Section 10(a) of the United States Housing Act of 1937 is amended by inserting the following proviso before the period at the end of the third sentence thereof: “: Provided, That the Authority may, in addition to the payments guaranteed under the contract, pay not to exceed \$120 per annum per dwelling unit occupied by an elderly family on the last day of the project fiscal year where such amount, in the determination of the Authority, was necessary to enable the public housing agency to lease the dwelling unit to the elderly family at a rental it could afford and to operate the project on a solvent basis”.

DWELLING UNIT AUTHORIZATION

SEC. 204. (a) Section 10(e) of the United States Housing Act of 1937 is amended by striking out the first three sentences and inserting in lieu thereof the following: "The Authority is authorized to enter into contracts for annual contributions aggregating not more than \$336,000,000 per annum, but any such contracts for additional units for any one State shall not, after the date of enactment of the Housing Act of 1961, be entered into for more than 15 per centum of the aggregate amount not already guaranteed under contracts for annual contributions on such date: Provided, That no such new contract for additional units shall be entered into after the date of enactment of the Housing Act of 1961 except with respect to low-rent housing for a locality respecting which the Administrator has made the determination and certification relating to a workable program as prescribed in section 101(c) of the Housing Act of 1949, and the Authority shall enter into only such new contracts for preliminary loans as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into."

(b) Section 10(i) of such Act is repealed; and section 15(10) of such Act is redesignated as section 10(i) and transferred (as so redesignated) to the place heretofore occupied by the section so repealed.

(c) Section 21(d) of such Act is repealed.

GREATER LOCAL RESPONSIBILITY FOR ADMISSION POLICIES

SEC. 205. (a) Section 10(g) of the United States Housing Act of 1937 is amended to read as follows:

"(g) Every contract for annual contributions for any low-rent housing project shall provide that—

"(1) the maximum income limits fixed by the public housing agency shall be subject to the prior approval of the Authority and the Authority may require the agency to review and revise such limits if the Authority determines that changed conditions in the locality make such revisions necessary in achieving the purposes of the Act;

"(2) the public housing agency shall adopt and promulgate regulations establishing admission policies which shall give full consideration to its responsibility for the rehousing of those displaced by urban renewal or other governmental action, to the applicant's status as a serviceman or veteran or relationship to a serviceman or veteran or to a disabled serviceman or veteran, and to the applicant's age or disability, housing conditions, urgency of housing need, and source of income; and

"(3) the public housing agency shall determine, and so certify to the Authority, that each family in the project was admitted in accordance with duly adopted regulations and approved income limits; and the public housing agency shall make periodic reexaminations of the incomes of families living in the project and shall require any family whose income has increased beyond the approved maximum income limits for continued occupancy to move from the project unless the public housing agency determines that, due to special circumstances, the family is unable to find decent, safe and sanitary housing within its financial reach although making every reasonable effort to do so, in which event such family may be permitted to remain for the

duration of such a situation if it pays an increased rent consistent with such family's increased income."

(b) Sections 10(m) and 15(8) of such Act are repealed.

MISCELLANEOUS PUBLIC HOUSING AMENDMENTS

SEC. 206. (a) Section 15 of the United States Housing Act of 1937 is amended by—

(1) inserting in paragraph (5) after the second parenthetical clause the following: "on which the computation of any annual contributions under this Act may be based";

(2) striking out in paragraph (5) "\$2,500 per room in the case of Alaska or in the case of accommodations designed specifically for elderly families", and inserting in lieu thereof "\$3,000 per room in the case of Alaska, or in the case of accommodations designed specifically for elderly families \$3,000 per room and \$3,500 per room in the case of Alaska";

(3) striking out paragraph (6), redesignating paragraph (9) as paragraph (6), and transferring paragraph (9), as so redesignated, to the place heretofore occupied by the paragraph so stricken out; and

(4) striking out "or 5 per centum in the case of any family entitled to a first preference as provided in section 10(g)" in paragraph (7)(b) and inserting in lieu thereof "except in the case of a family displaced by urban renewal or other governmental action or an elderly family".

(b) Section 10(h) of such Act is amended by inserting the following after the word "project" the third time it appears therein: "(exclusive of any portion thereof which is not assisted by annual contributions under this Act)".

(c) Section 10(j) of such Act is repealed.

DEMONSTRATION PROGRAMS

SEC. 207. The Housing and Home Finance Administrator is authorized to enter into contracts to make grants, not exceeding \$5,000,000, to public or private bodies or agencies, subject to such terms and conditions as he shall prescribe, for the purposes of developing and demonstrating new or improved means of providing housing for low income persons and families. Advances and progress payments may be made, under any contract to make grants under this section, without regard to the provisions of section 3648 of the Revised Statutes.

TITLE III—URBAN RENEWAL AND PLANNING

INCREASED FEDERAL AID FOR SMALL COMMUNITIES; POOLING GRANTS-IN-AID BETWEEN PROJECTS

SEC. 301. (a) Section 103(a) of the Housing Act of 1949 is amended by inserting "(1)" after "(a)", by striking out the last two sentences, and by inserting at the end thereof the following:

"(2) The aggregate of such capital grants with respect to all of the projects of a local public agency (or of two or more local public agencies in the same municipality) on which contracts for capital grants have been made under this title shall not exceed the total of—

“(A) two-thirds of the aggregate net project costs of all such projects to which neither subparagraph (B) nor subparagraph (C) applies, and

“(B) three-fourths of the aggregate net project costs of any of such projects which are located in a municipality having a population of fifty thousand or less (one hundred fifty thousand or less in the case of a municipality situated in an area which, at the time the contract or contracts involved are entered into or at such earlier time as the Administrator may specify in order to avoid hardship, is designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act) according to the most recent decennial census, and

“(C) three-fourths of the aggregate net project costs of any of such projects (not falling within subparagraph (B)) which the Administrator, upon request, may approve on a three-fourths capital grant basis.

“(3) A capital grant with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project.”

(b) Section 104 of such Act is amended by striking out the second sentence and inserting in lieu thereof the following: “Such local grants-in-aid, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency (or two or more local public agencies in the same municipality) on which contracts for capital grants have theretofore been made, shall be at least equal to the total of one-third of the aggregate net project costs of such projects undertaken on a two-thirds capital grant basis and one-fourth of the aggregate net project costs of such projects undertaken on a three-fourths capital grant basis.”

(c) The third and fourth sentences of section 110(e) of such Act are each amended by striking out “pursuant to the proviso in the second sentence of section 103(a)” and inserting in lieu thereof “pursuant to section 103(a)(2)(C)”.

INCONTESTABLE FEDERAL OBLIGATION IN PRIVATE FINANCING OF PROJECTS

SEC. 302. (a) Section 102 (c) of the Housing Act of 1949 is amended by adding at the end thereof the following: “In connection with any such pledge of a loan contract, including loan payments thereunder, as security for the repayment of obligations of the local public agency held by other than the Federal Government, the Administrator is authorized to agree to pay, through operations of a paying agent or agents, and to pay or cause to be paid when due, from funds obtained pursuant to subsection (e) of this section, to the holders of such obligations (or to their agents or designees) the principal of and the interest on such obligations, subject to such conditions as the Administrator may determine but without regard to any other condition or requirement. Notwithstanding any other provision of law, any contract or other instrument executed by the Administrator which, by its terms, includes an obligation of the Administrator to make payment pursuant to this subsection shall be construed by all officers of the United States separate and apart from the loan contract and shall be incontestable in the hands of a bearer and the full faith and credit of the United States is pledged to the payment of all amounts agreed to be paid by the Administrator pursuant to this subsection.”

(b) Section 22 of the *United States Housing Act of 1937* is amended by inserting the following new subsection at the end thereof:

“(c) Obligations of a public housing agency which (1) are secured either (A) by a pledge of a loan under an agreement between such public housing agency and the Authority, or (B) by a pledge of annual contributions under an annual contributions contract between such public housing agency and the Authority, and (2) bear, or are accompanied by, a certificate of the Authority that such obligations are so secured, shall be incontestable in the hands of a bearer, and the full faith and credit of the United States is pledged to the payment of all amounts agreed to be paid by the Authority as security for such obligations.”

GRANT AUTHORIZATION

SEC. 303. Section 103(b) of the *Housing Act of 1949* is amended by striking out the first sentence and inserting in lieu thereof the following: “The Administrator may, with the approval of the President, contract to make grants under this title aggregating not to exceed \$4,000,000,000: Provided, That of such sum the Administrator may, without regard to other provisions of this title, contract to make grants aggregating not to exceed \$25,000,000 for mass transportation demonstration projects which he determines will assist in carrying out urban transportation plans and research, including but not limited to the development of data and information of general applicability on the reduction of urban transportation needs, the improvement of mass transportation service, and the contribution of such service toward meeting total urban transportation needs at minimum cost. Such grants shall not be used for major long-term capital improvement; shall not exceed two-thirds of the cost, as determined or estimated by the Administrator, of the project for which the grant is made; and shall be subject to such other terms and conditions as he may prescribe. The Administrator is authorized, notwithstanding the provisions of section 3648 of the *Revised Statutes*, as amended, to make advance or progress payments on account of any grant contracted to be made pursuant to this section.”

RELOCATION PAYMENTS

SEC. 304. Section 106(f)(2) of the *Housing Act of 1949* is amended—

(1) by striking out “and business concerns” in the first sentence and inserting in lieu thereof the following: “business concerns, and nonprofit organizations”;

(2) by striking out “business concern.” in the second sentence and inserting in lieu thereof the following: “business concern or nonprofit organization.”

(3) by inserting after “\$3,000” the following: “(or, if greater, the total certified actual moving expenses)”;

(4) by inserting “and actual direct losses of property” before the period at the end of the last sentence.

FINANCIAL ASSISTANCE FOR DISPLACED BUSINESS CONCERNS

SEC. 305. Section 7(b) of the *Small Business Act* is amended—

(1) by striking out “and” at the end of paragraph (1);

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof “; and”;

(3) by adding after paragraph (2) a new paragraph as follows:

"(3) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to assist any small-business concern in reestablishing its business, if the Administration determines that such concern has suffered substantial economic injury as a result of its displacement by a federally aided urban renewal or highway construction program or by any other construction conducted by or with funds provided by the Federal Government."; and

(4) by adding immediately before the period at the end of the third sentence the following: ", except that in the case of a loan made pursuant to paragraph (3), the rate of interest on the Administration's share of such loan shall not be more than the higher of (A) 2¼ per centum per annum; or (B) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the date of the loan and adjusted to the nearest one-eighth of 1 per centum, plus one-quarter of 1 per centum per annum."

(b) Section 2(b) of such Act is amended by inserting before the period at the end thereof the following: ", and small-business concerns which are displaced as a result of federally aided construction programs".

(c) Section 4(c) of such Act as amended—

(1) by striking out "\$975,000,000" each place it appears and inserting in lieu thereof "\$1,000,000,000"; and

(2) by striking out "\$125,000,000" in the sixth sentence and inserting in lieu thereof "\$150,000,000".

RESALE OF PROPERTY IN URBAN RENEWAL AREAS FOR HOUSING FOR MODERATE INCOME FAMILIES

SEC. 306. (a) Section 107 of the Housing Act of 1949 is amended by—

(1) changing the title thereof to read "PROPERTY TO BE USED FOR PUBLIC HOUSING OR HOUSING FOR MODERATE INCOME FAMILIES";

(2) inserting "(a)" before the first sentence and striking out the words "to be" in such sentence;

(3) striking out "is incorporated" and inserting in lieu thereof "was incorporated on or after September 23, 1959,"; and

(4) adding at the end thereof the following new subsection:

"(b) Upon approval of the Administrator and subject to such conditions as he may determine to be in the public interest, any real property held as part of an urban renewal project may be made available to (1) a limited dividend corporation, nonprofit corporation or association, cooperative, or public body or agency, or (2) a purchaser who would be eligible for a mortgage insured under section 221(d)(4) of the National Housing Act, for purchase at fair value for use by such purchaser in the provision of new or rehabilitated rental or cooperative housing for occupancy by families of moderate income."

(b) Clause (4) of the second sentence of section 110(c) of the Housing Act of 1949 is amended by inserting before the semicolon at the end thereof the following: "or as provided in section 107".

REHABILITATION

SEC. 307. (a) *The second sentence of section 110(c) of the Housing Act of 1949 is amended by—*

- (1) *striking out “and” at the end of paragraph (5);*
- (2) *striking out the period at the end of paragraph (6) and inserting in lieu thereof “; and”; and*
- (3) *adding after paragraph (6) a new paragraph as follows:*
“(7) acquisition and repair or rehabilitation for guidance purposes, and resale by the local public agency, of structures which are located in the urban renewal area and which, under the urban renewal plan, are to be repaired or rehabilitated for dwelling use or related facilities: Provided, That the local public agency shall not acquire for such purposes, in any urban renewal area, structures which contain or will contain more than (A) one hundred dwelling units, or (B) 5 per centum of the total number of dwelling units in such area which, under the urban renewal plan, are to be repaired or rehabilitated, whichever is the lesser.”

(b) *The third sentence of section 110(c) of such Act is amended by inserting after “include” the following: “(except as provided in paragraph (7) above)”.*

(c) *Clause (i) of section 110(e) of such Act is amended by striking out “and (6)” and inserting in lieu thereof “(6), and (7)”.*

INCREASE IN NONRESIDENTIAL EXCEPTION

SEC. 308. *The fifth sentence of section 110 (c) of the Housing Act of 1949 is amended by striking out “20 per centum” in the second proviso and inserting in lieu thereof “30 per centum”.*

URBAN RENEWAL AREAS INVOLVING COLLEGES, UNIVERSITIES, OR HOSPITALS

SEC. 309. *Section 112 of the Housing Act of 1949 is amended to read as follows:*

“URBAN RENEWAL AREAS INVOLVING COLLEGES, UNIVERSITIES, OR HOSPITALS

“SEC. 112. (a) *In any case where an educational institution or a hospital is located in or near an urban renewal project area and the governing body of the locality determines that, in addition to the elimination of slums and blight from such area, the undertaking of an urban renewal project in such area will further promote the public welfare and the proper development of the community (1) by making land in such area available for disposition, for uses in accordance with the urban renewal plan, to such educational institution or hospital for redevelopment in accordance with the use or uses specified in the urban renewal plan, (2) by providing, through the redevelopment of the area in accordance with the urban renewal plan, a cohesive neighborhood environment compatible with the functions and needs of such educational institution or hospital, or (3) by any combination of the foregoing, the Administrator is authorized to extend financial assistance under this title for an urban renewal project in such area without regard to the requirements in section 110 hereof with respect to the predominantly residential character or pre-*

dominantly residential reuse of urban renewal areas. The aggregate expenditures made by any such institution or hospital (directly or through a private redevelopment corporation or municipal or other public corporation) for the acquisition within, adjacent to, or in the immediate vicinity of the project area, of land, buildings, and structures to be redeveloped or rehabilitated by such institution for educational uses or by such hospital for hospital uses in accordance with the urban renewal plan (or with a development plan proposed by such institution, hospital, or corporation, found acceptable by the Administrator after considering the standards specified in section 110(b), and approved under State or local law after public hearing) and for the demolition of such buildings and structures if, pursuant to such urban renewal or development plan, the land is to be cleared and redeveloped, and for the relocation of occupants from buildings and structures to be demolished or rehabilitated, as certified by such institution or hospital to the local public agency and approved by the Administrator, shall be a local grant-in-aid in connection with such urban renewal project: *Provided*, That no such expenditure shall be eligible as a local grant-in-aid in any case where the property involved is acquired by such educational institution or hospital from a local public agency which, in connection with its acquisition or disposition of such property, has received, or contracted to receive, a capital grant pursuant to this title.

“(b) No expenditure made by any educational institution or hospital, as provided in subsection (a), shall be deemed ineligible as a local grant-in-aid (1) in connection with any urban renewal project if made not more than seven years prior to the authorization by the Administrator of a contract for a loan or capital grant for such project, or (2) in connection with any such project for which the Administrator, prior to September 25, 1963, has authorized a loan or capital grant contract if made not more than five years prior to the submission of an application for financial assistance under this title for such urban renewal project.

“(c) The aggregate expenditures made by any public authority, established by any State, for acquisition, demolition, and relocation in connection with land, buildings, and structures acquired by such public authority and leased to an educational institution for educational uses or to a hospital for hospital uses shall be deemed a local grant-in-aid to the same extent as if such expenditures had been made directly by such educational institution or hospital.

“(d) As used in this section—

“(1) the term ‘educational institution’ means any educational institution of higher learning, including any public educational institution or any private educational institution, no part of the net earnings of which inures to the benefit of any private shareholder or individual; and

“(2) the term ‘hospital’ means any hospital licensed by the State in which such hospital is located, including any public hospital or any nonprofit hospital, no part of the net earnings of which inures to the benefit of any private shareholder or individual.”

URBAN PLANNING ASSISTANCE

SEC. 310. (a) Section 701 of the Housing Act of 1954 is amended by—

(1) striking out “50 per centum” in the first sentence of subsection (b) and inserting in lieu thereof “two-thirds”;

(2) striking out “\$20,000,000” in the last sentence of subsection (b) and inserting in lieu thereof “\$75,000,000”;

(3) inserting after "public facilities" in clause (1) of subsection (d) "*, including transportation facilities*"; and

(4) adding at the end thereof the following new subsection:

"(f) The consent of the Congress is hereby given to any two or more States to enter into agreements or compacts, not in conflict with any law of the United States, for cooperative efforts and mutual assistance in the comprehensive planning for the physical growth and development of interstate, metropolitan, or other urban areas, and to establish such agencies, joint or otherwise, as they may deem desirable for making effective such agreements and compacts."

(b) Section 701 of such Act is further amended by—

(1) striking out the matter preceding paragraph (1) of subsection

(a) and inserting in lieu thereof the following:

"SEC. 701. (a) In order to assist State and local governments in solving planning problems resulting from the increasing concentration of population in metropolitan and other urban areas, including smaller communities; to facilitate comprehensive planning for urban development, including coordinated transportation systems, on a continuing basis by such governments; and to encourage such governments to establish and improve planning staffs, the Administrator is authorized to make planning grants to—";

(2) inserting the following after "agencies" in paragraph (2) of subsection (a): "*, or other agencies and instrumentalities designated by the Governor (or Governors in the case of interstate planning) and acceptable to the Administrator,*";

(3) adding the following at the end of subsection (a): "*The Administrator shall encourage cooperation in preparing and carrying out plans among all interested municipalities, political subdivisions, public agencies, and other parties in order to achieve coordinated development of entire areas. To the maximum extent feasible, pertinent plans and studies already made for areas shall be utilized so as to avoid unnecessary repetition of effort and expense. Planning which may be assisted under this section includes the preparation of comprehensive urban transportation surveys, studies, and plans to aid in solving problems of traffic congestion, facilitating the circulation of people and goods in metropolitan and other urban areas, and reducing transportation needs. Funds available under this section shall be in addition to and may be used jointly with funds available for planning surveys and investigations under other Federally-aided programs, and nothing contained in this section shall be construed as affecting the authority of the Secretary of Commerce under section 307 of title 23, United States Code.*"; and

(4) striking out the first sentence of subsection (d) and inserting in lieu thereof the following: "*It is the further intent of this section to encourage comprehensive planning, including transportation planning, for States, cities, counties, metropolitan areas, and urban regions and the establishment and development of the organizational units needed therefor. The Administrator is authorized to provide technical assistance to State and local governments and their agencies and instrumentalities undertaking such planning and, by contract or otherwise, to make studies and publish information on related problems.*"

HISTORICAL SITE IN URBAN RENEWAL AREA

SEC. 311. (a) Notwithstanding section 110(c)(4) of the Housing Act of 1949, as amended, or any other provision of law, the urban renewal project in Knoxville, Tennessee, known as the Riverfront-Willow Street redevelopment project, may include the donation by the Knoxville Housing Authority to the James White's Fort Association, by a suitable instrument of conveyance, of all right, title, and interest of the authority in and to the following described tract of land, constituting a portion of tract T-2 of the said project and containing 0.985 acres more or less:

Beginning at an iron pin located at the intersection of the east property line of Collins Alley and the south property line of Rouser Alley; thence in a northerly direction, north 32 degrees 35 minutes west, 111.0 feet to an iron pin located in the east property line of Collins Alley; thence in a westerly direction, south 55 degrees 20 minutes west, 207.0 feet to an iron pin; thence in a southwesterly direction, south 35 degrees 05 minutes west, 80 feet to an iron pin; thence in a southerly direction south 27 degrees 25 minutes east, 193.40 feet to an iron pin located in the north property line of Hill Avenue; thence in an easterly direction, north 67 degrees 43 minutes east, 33.54 feet to an iron pin; thence in an easterly direction, north 60 degrees 02 minutes east, 31.64 feet to an iron pin; thence in an easterly direction, north 58 degrees 30 minutes 30 seconds east, 53 feet to an iron pin located in the north property line of Hill Avenue; thence in a northerly direction, north 30 degrees 22 minutes 30 seconds west, 134.03 feet to an iron pin; thence in an easterly direction, north 59 degrees 21 minutes 30 seconds east, 175.61 feet to the point of beginning.

(b) The conveyance authorized to be included in the Riverfront-Willow Street redevelopment project under subsection (a) of this section shall be made only if the James White's Fort Association represents, and furnishes such assurances as may be required by the Knoxville Housing Authority, that such Association (1) will undertake the reconstruction on the site conveyed of General James White's cabin and fort, and (2) will develop, preserve, and operate such property on a nonprofit basis as a historical site or monument.

CREDIT FOR COST OF SCHOOL CONSTRUCTION

SEC. 312. No public facility, the provision of which is otherwise eligible as a local grant-in-aid for any urban renewal project receiving assistance under title I of the Housing Act of 1949 in the city of Roanoke, Virginia, and the construction of which was commenced prior to January 1, 1961, shall be deemed to be ineligible as a local grant-in-aid because of any change in the urban renewal plan for such project which is determined by the Housing and Home Finance Administrator to have resulted from the proposed location within the urban renewal area in which such project was undertaken of a Federally-aided highway. For the purpose of computing the portion of the cost of any such facility which may be allowed as a local grant-in-aid, the degree of benefit of the facility to such urban renewal area shall be based on the latest estimate of benefit submitted by the local public agency and accepted by the Administrator prior to such change in the urban renewal plan.

ELIGIBILITY OF CERTAIN LOCAL GRANTS-IN-AID

SEC. 313. Notwithstanding the provisions of section 312 of the Housing Act of 1954 or any request previously made pursuant to such section, upon request of the local public agency the eligibility of the local grants-in-aid for any project in the city of Norfolk, Virginia, in connection with which the final capital grant payment has not been made, shall be determined in accordance with the provisions of sections 110(d) and 112 of the Housing Act of 1949.

TECHNICAL AMENDMENTS

SEC. 314. (a) Section 101(c) of the Housing Act of 1949 is amended by inserting in clause (1) after "workable program" the words "for community improvement".

(b) Section 102(a) of such Act is amended by inserting in the second proviso after "demolition and removal" the first place it appears the following: ", together with administrative, relocation, and other related costs and payments,".

(c) Clause (4) of the second sentence of section 110(c) of such Act is amended by striking out "initial".

PARKS AND RECREATIONAL FACILITIES

SEC. 315. Section 105(a) of the Housing Act of 1949 is amended by striking out "and" preceding clause (iii), and by adding at the end thereof the following: "and (iv) the urban renewal plan gives due consideration to the provision of adequate park and recreational areas and facilities, as may be desirable for neighborhood improvement, with special consideration for the health, safety, and welfare of children residing in the general vicinity of the site covered by the plan;".

TITLE IV—COLLEGE HOUSING

LOAN AUTHORIZATION

SEC. 401. Section 401(d) of the Housing Act of 1950 is amended by striking out the first colon and all that follows and inserting in lieu thereof the following: ", which amount shall be increased by \$300,000,000 on July 1 in each of the years 1961 through 1964: Provided, That the amount outstanding for other educational facilities, as defined herein, shall not exceed \$175,000,000, which limit shall be increased by \$30,000,000 on July 1 in each of the years 1961 through 1964: Provided further, That the amount outstanding for hospitals, referred to in clause (2) of section 404(b) of this title, shall not exceed \$100,000,000, which limit shall be increased by \$30,000,000 on July 1 in each of the years 1961 through 1964."

APPORTIONMENT BY STATES

SEC. 402. Section 403 of the Housing Act of 1950 is amended by striking out "10 per centum" and inserting in lieu thereof "12½ per centum".

HOUSING PROVIDED BY NONPROFIT CORPORATIONS

SEC. 403. (a) Clause (3) of section 404(b) of the Housing Act of 1950 is amended—

(1) by striking out “established by any institution included in clause (1) of this subsection for the sole purpose” and inserting in lieu thereof “establish for the sole purpose”; and

(2) by striking out “such institution” where it first appears and inserting in lieu thereof “one or more institutions included in clause (1) of this subsection”.

(b) Clause (3) of section 404(b) of such Act is further amended by striking out “will pass to such institution” and inserting in lieu thereof “will pass to such institution (or to any one or more of such institutions) unless it is shown to the satisfaction of the Administrator that such ~~property~~ or the proceeds from its sale will be used for some other nonprofit educational purpose”.

(c) Section 404(b) of such Act is further amended by adding at the end thereof the following new sentence: “In the case of any loan made under section 401 to a corporation described in clause (3) of this subsection which was not established by the institution or institutions for whose students or students and faculty it would provide housing, the Administrator shall require that the note securing such loan be co-signed by such institution (or by any one or more of such institutions).”

TITLE V—COMMUNITY FACILITIES

PUBLIC FACILITY LOANS

SEC. 501. (a)(1) The second paragraph of section 201 of the Housing Amendments of 1955 is amended by inserting after “public works or facilities” the following: “(including mass transportation facilities and equipment)”.

(2) The third paragraph of section 201 of such Amendments is amended by inserting after “title” the following: “(subject to the limitations contained herein)”.

(b) The first sentence of section 202(a) of such Amendments is amended to read as follows: “The Housing and Home Finance Administrator is authorized (1) to purchase the securities and obligations of, or make loans to, municipalities and other political subdivisions and instrumentalities of States (including public agencies and instrumentalities of one or more municipalities or other political subdivisions in the same State), to finance specific projects for public works or facilities under State, municipal, or other applicable law, and (2) to purchase the securities and obligations of, or make loans to, States, municipalities and other political subdivisions of States, public agencies and instrumentalities of one or more States, municipalities and political subdivisions of States, and public corporations, boards, and commissions established under the laws of any State, to finance the acquisition, construction, reconstruction, and improvement of facilities and equipment for use, by operation or lease or otherwise, in mass transportation service in urban areas, and for use in coordinating highway, bus, surface-rail, underground, parking and other transportation facilities in such areas. The facilities and equipment referred to in clause (2) may include land, but not public highways, and any other real or personal property needed for an economic, efficient, and coordinated mass transportation system.”

(c) Section 202(b)(2) of such Amendments is amended by adding at the end thereof the following new sentence: "Subject to such maximum maturity, the Administrator in his discretion may provide for the postponement of the payment of interest on not more than 50 per centum of any financial assistance extended to an applicant under this section for a period up to ten years where (A) such assistance does not exceed 50 per centum of the development cost of the project involved, and (B) it is determined by the Administrator that such applicant will experience above-average population growth and the project would contribute to orderly community development, economy, and efficiency; and any amounts so postponed shall be payable with interest in annual installments during the remaining maturity of such assistance."

(d)(1) Section 202(b) of such Amendments is further amended by adding at the end thereof the following new paragraph:

"(3) Financial assistance extended under this section shall bear interest at a rate determined by the Administrator which shall be not more than the higher of (A) 3 per centum per annum, or (B) the total of one-half of 1 per centum per annum added to the rate of interest paid by the Administrator on funds obtained from the Secretary of the Treasury as provided in section 203(a)."

(2) The third sentence of section 203(a) of such Amendments is amended to read as follows: "Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) $2\frac{1}{2}$ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance by the Administrator and adjusted to the nearest one-eighth of 1 per centum."

(e) Section 202(b) of such Amendments is further amended by adding at the end thereof (after the paragraph added by subsection (d)(1) of this section) the following new paragraph:

"(4) No financial assistance shall be extended under clause (1) of subsection (a) of this section to any municipality or other political subdivision having a population of fifty thousand or more (one hundred fifty thousand or more in the case of a community situated in an area designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act) according to the most recent decennial census, or to any public agency or instrumentality of one or more municipalities or other political subdivisions having a population (or an aggregate population) equal to or exceeding that figure according to such census."

(f) Section 202(c) of such Amendments is amended by striking out "this section" and inserting in lieu thereof "clause (1) of subsection (a) of this section".

(g) Section 202 of such Amendments is further amended by adding at the end thereof the following new subsection:

"(d) No loans may be made for transportation facilities or equipment, pursuant to clause (2) of subsection (a) of this section, unless the Administrator determines (1) that there is being actively developed (or has been developed) for the urban or other metropolitan area served by the

applicant a program, meeting criteria established by him, for the development of a comprehensive and coordinated mass transportation system; (2) that the proposed facilities or equipment can reasonably be expected to be required for such a system; and (3) if such program has not been completed, that there is an urgent need for the provision of the facilities or equipment to be commenced prior to the time that the program could reasonably be expected to be completed: *Provided, That no such loan shall be made, except under a prior commitment, after December 31, 1962.*"

(h) Section 203(a) of such Amendments is amended by striking out the words "in an amount not exceeding \$150,000,000, notes and other obligations" in the first sentence and inserting in lieu thereof the following: "notes and other obligations in an amount not to exceed \$650,000,000: *Provided, That, of the funds obtained through the issuance of such notes and other obligations, \$600,000,000 shall be available only for purchases and loans pursuant to clause (1) of section 202(a) of this title and \$50,000,000 shall be available only for purchases and loans pursuant to clause (2) of such section*".

(i) Title II of such Amendments is further amended by adding at the end thereof the following new section:

"SEC. 207. The Administrator is authorized to establish technical advisory services to assist municipalities and other political subdivisions and instrumentalities in the budgeting, financing, planning, and construction of community facilities. There are hereby authorized to be appropriated such sums as may be necessary, together with any fees that may be charged, to cover the cost of such services."

(j) Section 203(b) of such Amendments is amended by inserting "be" immediately after "which may".

ADVANCES FOR PUBLIC WORKS PLANNING

SEC. 502. Section 702 of the Housing Act of 1954 is amended by--

(1) striking out in subsection (a) "10" and inserting in lieu thereof "12½";

(2) striking out the first sentence of subsection (b) and inserting in lieu thereof the following: "No advance shall be made hereunder with respect to any individual project, including a regional or metropolitan or other area-wide project, unless (1) it is planned to be constructed within or over a reasonable period of time considering the nature of the project, (2) it conforms to an overall State, local, or regional plan approved by a competent State, local, or regional authority, and (3) the public agency formally contracts with the Federal Government to complete the plan preparation promptly and to repay such advance or part thereof when due.";

(3) inserting after "1958;" in subsection (e) the following: "\$10,000,000 which may be made available to such fund on or after July 1, 1961;"; and

(4) striking out in subsection (e) "\$48,000,000" and inserting in lieu thereof "\$58,000,000".

TITLE VI—AMENDMENTS TO THE NATIONAL HOUSING ACT

FEDERAL NATIONAL MORTGAGE ASSOCIATION

SPECIAL ASSISTANCE AUTHORIZATION

SEC. 601. (a) Section 305(c) of the National Housing Act is amended to read as follows:

“(c) The total amount of purchases and commitments authorized by the President pursuant to subsection (a) of this section shall not exceed \$1,700,000,000 outstanding at any one time.”

(b) Section 305(g) of such Act is amended by adding before the period at the end thereof the following: “: Provided further, That the authority of the Association to make purchases and commitments under this subsection shall terminate on the date of enactment of the Housing Act of 1961, and any portion of the total amount of such authority as specified in the first proviso in this subsection which on such date would otherwise be available for making such purchases and commitments shall be transferred to and merged with the authority granted by subsection (a) and added to the amount of such authority as specified in subsection (c)”.

(c) Section 306 of such Act is amended by adding at the end thereof the following new subsection:

“(f) Notwithstanding any of the provisions of this Act or of any other law, an amount equal to the net decrease for the preceding fiscal year in the aggregate principal amount of all mortgages owned by the Association under this section shall, as of July 1 of each of the years 1961 through 1964, be transferred to and merged with the authority provided under section 305(a), and the amount of such authority as specified in section 305(c) shall be increased by any amounts so transferred.”

LIMITATION ON MORTGAGE AMOUNT

SEC. 602. (a) Section 302(b) of the National Housing Act is amended by striking out “or 803” and inserting in lieu thereof “or title VIII”.

(b) Section 302(b) of such Act is further amended by inserting before “or a mortgage covering property” the following: “or insured under section 213 and covering property located in an urban renewal area,”.

FEDERAL NATIONAL MORTGAGE ASSOCIATION LENDING AUTHORITY

SEC. 603. (a) Section 302(b) of the National Housing Act is amended by striking out “to make commitments” and all that follows down through the first colon and inserting in lieu thereof the following: “, pursuant to commitments or otherwise, to purchase, lend (under section 304) on the security of, service, sell, or otherwise deal in any mortgages which are insured under the National Housing Act, or which are insured or guaranteed under the Servicemen’s Readjustment Act of 1944 or chapter 37 of title 38, United States Code.”.

(b) The first sentence of section 303(b) of such Act is amended by inserting immediately before the period at the end thereof the following: “; and by requiring each borrower to make such payments, equal to not more than one-half of 1 per centum of the amount lent by the Association to such borrower under section 304”.

(c) Section 303(c) of such Act is amended by striking out the first sentence and by inserting in lieu thereof the following: "The Association shall issue from time to time, to each mortgage seller or borrower, its common stock (only in denominations of \$100 or multiples thereof) evidencing any capital contributions (adjusted by reason of any payments into surplus required by the Association) made by such seller or borrower pursuant to subsection (b) of this section."

(d) Section 304(a) of such Act is amended by inserting "(1)" before "To carry out", and by adding at the end thereof the following new paragraph:

"(2) In the further interest of assuring sound operation, any loan made by the Association in its secondary market operations under this section, and any extension or renewal thereof, shall not exceed 80 per centum of the unpaid principal balances of the mortgages securing the loan, and shall bear interest at a rate consistent with general loan policies established from time to time by the Association's board of directors. Any such loan shall mature in not more than twelve months and the term of any extension or renewal shall not exceed twelve months. The volume of the Association's lending activities and the establishment of its loan ratios, interest rates, maturities, and charges or fees, in its secondary market operations under this section, should be determined by the Association from time to time; and such determinations, in conjunction with determinations made under paragraph (1), should be consistent with the objectives that the lending activities should be conducted on such terms as will reasonably prevent excessive use of the Association's facilities, and that the operations of the Association under this section should be within its income derived from such operations and that such operations should be fully self-supporting. Notwithstanding any Federal, State, or other law to the contrary, the Association is hereby empowered, in connection with any loan under this section, whether before or after any default, to provide by contract with the borrower for the settlement or extinguishment, upon default, of any redemption, equitable, legal, or other right, title, or interest of the borrower in any mortgage or mortgages that constitute the security for the loan; and with respect to any such loan, in the event of default and pursuant otherwise to the terms of the contract, the mortgages that constitute such security shall become the absolute property of the Association."

(e) Section 304(b), section 309(c) and section 310 of such Act are each amended by inserting "or other security holdings" after "mortgages".

FHA INSURANCE PROGRAMS

LIMITATIONS ON INSURANCE AUTHORIZATIONS

SEC. 604. (a) Section 2(a) of the National Housing Act is amended by striking out in the first sentence "1961" and inserting in lieu thereof "1965".

(b) Section 203(a) of such Act is amended by striking out the colon and all that follows the colon and inserting in lieu thereof a period.

(c) Section 217 of such Act is amended to read as follows:

"GENERAL MORTGAGE INSURANCE AUTHORIZATION

"SEC. 217. Except with respect to the insurance of a loan or mortgage pursuant to section 2, section 221, or title VIII of this Act (subject to any limitations thereunder on the time of such insurance), no loan or mortgage shall be insured under any provision of this Act after October 1, 1965, except pursuant to a commitment to insure before that date."

(d) Section 803(a) of such Act is amended by striking out "1961" and inserting in lieu thereof "1962", and by striking out "twenty-five thousand" and inserting in lieu thereof "twenty-eight thousand".

SECTION 203 RESIDENTIAL HOUSING INSURANCE

SEC. 605. (a) Section 203(b)(2) of such Act is amended—

(1) by striking out "\$13,500" each place it appears and inserting in lieu thereof "\$15,000";

(2) by striking out "\$18,000" each place it appears and inserting in lieu thereof "\$20,000"; and

(3) by striking out "70 per centum" and inserting in lieu thereof "75 per centum".

(b) Section 203(b)(2) of such Act is amended (1) by striking out "\$22,500" and inserting in lieu thereof "\$25,000", and (2) by striking out "or \$25,000" and inserting in lieu thereof "or \$27,500".

(c) Section 203(b)(3) of such Act is amended by striking out "thirty years" and inserting in lieu thereof "thirty-five years (or thirty years if such mortgage is approved for insurance prior to construction)".

AUTHORITY TO REDUCE PREMIUM CHARGES

SEC. 606. The first sentence of section 203(c) of the National Housing Act is amended to read as follows: "The Commissioner is authorized to fix premium charges for the insurance of mortgages under the separate sections of this title but in the case of any mortgage such charge shall be not less than an amount equivalent to one-fourth of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments: Provided, That any reduced premium charge so fixed and computed may, in the discretion of the Commissioner, also be made applicable in such manner as the Commissioner shall prescribe to each insured mortgage outstanding under the section or sections involved at the time the reduced premium charge is fixed."

SECTION 207 RENTAL HOUSING INSURANCE

SEC. 607. Section 207 of the National Housing Act is amended by—

(1) striking out the first paragraph of subsection (b)(2) and inserting in lieu thereof the following:

"(2) any other mortgagor approved by the Commissioner which, until the termination of all obligations of the Commissioner under the insurance and during such further period of time as the Commissioner shall be the owner, holder, or reinsurer of the mortgage, is regulated or restricted by the Commissioner as to rents or sales, charges, capital structure, rate of return, and methods of operation to such extent and in such manner as to provide reasonable rentals to tenants and a reasonable return on the

investment. The Commissioner may make such contracts with and acquire, for not to exceed \$100, such stock or interest in the mortgagor as he may deem necessary to render effective the regulations or restrictions. The stock or interest acquired by the Commissioner shall be paid for out of the Housing Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.”;

(2) inserting in subsection (c)(3) after the words “attributable to dwelling use” the following: “(excluding exterior land improvements as defined by the Commissioner)”;

(3) striking out “\$1,500 per space” in subsection (c)(3) and inserting in lieu thereof “\$1,800 per space”; and

(4) inserting in the first sentence of subsection (i) after the words “of this section” the following: “, except that debentures issued pursuant to the provisions of section 220(f), 221(g), and section 233 may be dated as of the date the mortgage is assigned (or the property is conveyed) to the Commissioner”.

SECTION 213 COOPERATIVE HOUSING INSURANCE

SEC. 608. (a) Section 213 of the National Housing Act is amended by—

(1) inserting in paragraph (2) of subsection (b) after the words “as may be attributable to dwelling use” the following: “(excluding exterior land improvements as defined by the Commissioner)”;

(2) striking out “eight or more family units” in subsection (d) and inserting in lieu thereof “five or more family units”; and

(3) striking out in subsection (h) “such mortgagor shall not thereafter be eligible by reason of such paragraph (3) for insurance of any additional mortgage loans pursuant to this section” and inserting in lieu thereof the following: “the Commissioner is authorized to refuse, for such period of time as he shall deem appropriate under the circumstances, to insure under this section any additional investor-sponsor type mortgage loans made to such mortgagor or to any other investor-sponsor mortgagor where, in the determination of the Commissioner, any of its stockholders were identified with such mortgagor”.

(b) Section 213 of such Act is further amended by adding at the end thereof the following new subsection:

“(j)(1) With respect to any property covered by a mortgage insured under this section (or any cooperative housing project covered by a mortgage insured under section 207 as in effect prior to the enactment of the Housing Act of 1950), the Commissioner is authorized, upon such terms and conditions as he may prescribe, to make commitments to insure and to insure supplementary cooperative loans (including advances during construction or improvement) made by financial institutions approved by the Commissioner. As used in this subsection, ‘supplementary cooperative loan’ means a loan, advance of credit, or purchase of an obligation representing a loan or advance of credit made for the purpose of financing any of the following:

“(A) Improvements or repairs of the property covered by such mortgage; or

“(B) Community facilities necessary to serve the occupants of the property.

“(2) To be eligible for insurance under this subsection, a supplementary cooperative loan shall—

“(A) be limited to an amount which, when added to the outstanding mortgage indebtedness on the property, creates a total outstanding indebtedness which does not exceed the original principal obligation of the mortgage;

“(B) have a maturity satisfactory to the Commissioner but not to exceed the remaining term of the mortgage;

“(C) be secured in such manner as the Commissioner may require;

“(D) contain such other terms, conditions, and restrictions as the Commissioner may prescribe; and

“(E) represent the obligation of a borrower of the character described in paragraph (1) of subsection (a).”

SECTION 220 SALES HOUSING MORTGAGE INSURANCE

SEC. 609. (a) Section 220(d)(3)(A)(i) of the National Housing Act is amended—

(1) by striking out “\$13,500” each place it appears and inserting in lieu thereof “\$15,000”;

(2) by striking out “\$18,000” each place it appears and inserting in lieu thereof “\$20,000”; and

(3) by striking out “70 per centum” and inserting in lieu thereof “75 per centum”.

(b) Section 220(d)(3)(A) of such Act is amended (1) by striking out “\$22,500” and inserting in lieu thereof “\$25,000”, and (2) by striking out “or \$25,000” and inserting in lieu thereof “or \$27,500”.

NURSING HOMES

SEC. 610. Section 232(d)(2) of the National Housing Act is amended by striking out the words following the comma and inserting in lieu thereof the following: “and not to exceed 90 per centum of the estimated value of the property or project when the proposed improvements are completed.”

HOUSING FOR DEFENSE-IMPACTED AREAS

SEC. 611. (a)(1) Section 810(b) of the National Housing Act is amended (A) by striking out “the Secretary of Defense or his designee shall have certified to the Commissioner that”, and (B) by striking out the last sentence.

(2) Section 810(d) of such Act is amended (A) by striking out “until advised by the Secretary of Defense or his designee” and inserting in lieu thereof “until he finds”, and (B) by striking out “, as evidenced by certification” and all that follows and inserting in lieu thereof a period.

(3) Section 810(l) of such Act is repealed.

(b) Section 406(a) of the Act of August 30, 1957 (71 Stat. 556), is amended by striking out “, and no certificates with respect to any family housing units shall be issued by the Secretary of Defense or his designee under section 810 of the National Housing Act, as amended,”.

MISCELLANEOUS FHA AMENDMENTS

SEC. 612. (a) Section 203 of the National Housing Act is amended by—

(1) striking out in subsection (b)(3) the words “insurance of the mortgage” and inserting in lieu thereof “beginning of amortization of the mortgage”, and

(2) striking out in the first proviso of the second sentence of subsection (c) the words “particular insurance fund” and inserting in lieu thereof “particular insurance fund or account”.

(b) The second sentence of section 204(d) of such Act is amended by inserting after “mortgagee after default,” the following: “except that debentures issued pursuant to the provisions of section 220(f), section 221(g), and section 233 may be dated as of the date the mortgage is assigned (or the property is conveyed) to the Commissioner,”.

(c) The last sentence of section 204(g) of such Act is amended to read as follows: “The power to convey and to execute in the name of the Commissioner deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein heretofore or hereafter acquired by the Commissioner pursuant to the provisions of this Act, may be exercised by the Commissioner or by any Assistant Commissioner appointed by him, without the execution of any express delegation of power or power of attorney: Provided, That nothing in this subsection shall be construed to prevent the Commissioner from delegating such power by order or by power of attorney, in his discretion, to any officer, agent, or employee he may appoint: And provided further, That a conveyance or transfer of title to real or personal property or an interest therein to the Federal Housing Commissioner, his successors and assigns, without identifying the Commissioner therein, shall be deemed a proper conveyance or transfer to the same extent and of like effect as if the Commissioner were personally named in such conveyance or transfer.”

(d) Section 209 of such Act is amended by striking out in the second sentence “shall be charged as a general expense of the Fund, the Housing Fund, and the Defense Housing Insurance Fund in such proportion as the Commissioner shall determine” and inserting in lieu thereof “shall be charged as a general expense of such insurance fund or funds, or account or accounts, as the Commissioner shall determine”.

(e) Section 212 of such Act is amended by—

(1) striking out in the second sentence of subsection (a) “any mortgage under section 220” and inserting in lieu thereof “any loan or mortgage under section 220 or section 233”; and

(2) striking out in the third sentence of subsection (a) “in subsection (d)(4)” and inserting in lieu thereof “in subsection (d)(3) in the case of a cooperative or a limited profit mortgagor, or in subsection (d)(4)”.

(f) Section 219 of such Act is amended to read as follows:

“SEC. 219. Notwithstanding any limitations contained in other sections of this Act as to the use of moneys credited to the Title I Insurance Account, the Title I Housing Insurance Fund, the Section 203 Home Improvement Account, the Housing Insurance Fund, the War Housing Insurance Fund, the Housing Investment Insurance Fund, the Armed Services Housing Mortgage Insurance Fund, the National Defense Housing Insurance Fund, the Section 220 Housing Insurance Fund,

the Section 220 Home Improvement Account, the Section 221 Housing Insurance Fund, the Experimental Housing Insurance Fund, the Apartment Unit Insurance Fund, or the Servicemen's Mortgage Insurance Fund, the Commissioner is hereby authorized to transfer funds from any one or more of such insurance funds or accounts to any other such fund or account in such amounts and at such times as the Commissioner may determine, taking into consideration the requirements of such funds or accounts, separately and jointly to carry out effectively the insurance programs for which such funds or accounts were established."

(g) Section 220(f) of such Act is amended by—

(1) striking out "or" at the end of paragraph (1),

(2) striking out the period at the end of paragraph (2) and inserting in lieu thereof "; or", and

(3) adding at the end thereof the following:

"(3) as to mortgages meeting the requirements of this section that are insured or initially endorsed for insurance on or after the date of enactment of the Housing Act of 1961, notwithstanding the provisions of paragraphs (1) and (2) of this subsection, the Commissioner in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such paragraphs in cash or in debentures (as provided in the mortgage insurance contract), or may acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner and made previously by the mortgagee under the provisions of the mortgage. After the acquisition of the mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan. The appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this paragraph, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages so acquired (A) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 220 Housing Insurance Fund, (B) all references in section 204 to section 203 shall be construed to refer to this section, and (C) all references in section 207 to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Section 220 Housing Insurance Fund."

(h)(1) Section 223(a) of such Act is amended by striking out "213, or 222" each place it appears and inserting in lieu thereof "213, 220, 221, 222, 231, 232, or 233".

(2) Section 223(a)(7) of such Act is amended—

(A) by striking out "section 903 or section 908 of title IX" and inserting in lieu thereof "section 220, 221, 903, or 908"; and

(B) by striking out "insured under section 608 or 908".

(3) Section 223 of such Act is further amended by adding at the end thereof the following new subsection:

"(d) With respect to any mortgage, other than a mortgage covering a one- to four-family structure, heretofore or hereafter insured by the Commissioner, and notwithstanding any other provision of this Act, when the taxes, interest on the mortgage debt, mortgage insurance premiums, hazard insurance premiums, and the expense of maintenance and operation of the project covered by such mortgage during the first two years following the date of completion of the project, as determined by the Commissioner, exceed the project income, the Commissioner may, in his discretion and upon such terms and conditions as he may prescribe, permit the excess of the foregoing expenses over the project income to be added to the amount of such mortgage, and extend the coverage of the mortgage insurance thereto, and such additional amount shall be deemed to be part of the original face amount of the mortgage."

(i) The first sentence of section 224 of such Act is amended to read as follows: "Notwithstanding any other provisions of this Act, debentures issued under any section of this Act with respect to a loan or mortgage accepted for insurance on or after thirty days following the effective date of the Housing Act of 1954 (except debentures issued pursuant to paragraph (4) of section 221(g)) shall bear interest at the rate in effect on the date the commitment to insure the loan or mortgage was issued, or the date the loan or mortgage was endorsed for insurance, or (when there are two or more insurance endorsements) the date the loan or mortgage was initially endorsed for insurance, whichever rate is the highest, except that debentures issued pursuant to section 220(f), section 220(h)(7), section 221(g), or section 233 may, at the discretion of the Commissioner, bear interest at the rate in effect on the date they are issued."

(j) Section 226 of such Act is amended by—

(1) striking out in the first sentence "222, or" and inserting in lieu thereof "222, 233, 234, or"; and

(2) striking out in the third sentence the words "that a written statement setting forth such estimate" and inserting in lieu thereof the following: "or on the basis of any other estimates of the Commissioner, that a written statement setting forth such estimate or estimates, as the case may be,".

(k) Section 227 of such Act is amended by—

(1) striking out in subsection (a) "or (vi) under section 810 if the mortgage meets the requirements of subsection (f)" and inserting in lieu thereof "(vi) under section 233 if the mortgage meets the requirements of subsection (b)(2), or (vii) under section 810 if the mortgage meets the requirements of subsection (f)";

(2) striking out in subsection (b) the word "value" and inserting in lieu thereof "value, cost,"; and

(3) striking out in the second and third sentences of subsection (c) "section 221 if the mortgage meets the requirements of paragraph (4) of subsection (d) thereof, or section 231," and inserting in lieu thereof "section 221(d)(3), section 221(d)(4), section 231, or section 233(b)(2),".

(l) Section 229 of such Act is amended to read as follows:

"VOLUNTARY TERMINATION OF INSURANCE

"SEC. 229. Notwithstanding any other provision of this Act and with respect to any loan or mortgage heretofore or hereafter insured under this Act, except under section 2, the Commissioner is authorized to terminate

any insurance contract upon request by the borrower or mortgagor and the financial institution or mortgagee and upon payment of such termination charge as the Commissioner determines to be equitable, taking into consideration the necessity of protecting the various insurance Funds and Accounts. Upon such termination, borrowers and mortgagors and financial institutions and mortgagees shall be entitled to the rights, if any, to which they would be entitled under this Act if the insurance contract were terminated by payment in full of the insured loan or mortgage."

(m) Section 231(c)(2) of such Act is amended to read as follows:

"(2) not exceed, for such part of such property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$2,250 per room (or \$9,000 per family unit if the number of rooms in such property or project is less than four per family unit): Provided, That as to projects to consist of elevator-type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,750 per room and the dollar amount limitation of \$9,000 per family unit to not to exceed \$9,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,250 per room, without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require;"

TITLE VII—OPEN SPACE LAND

FINDINGS AND PURPOSE

SEC. 701. (a) The Congress finds that a combination of economic, social, governmental, and technological forces have caused a rapid expansion of the Nation's urban areas, which has created critical problems of service and finance for all levels of government and which, combined with a rapid population growth in such areas, threatens severe problems of urban and suburban living, including the loss of valuable open-space land in such areas, for the preponderant majority of the Nation's present and future population.

(b) It is the purpose of this title to help curb urban sprawl and prevent the spread of urban blight and deterioration, to encourage more economic and desirable urban development, and to help provide necessary recreational, conservation, and scenic areas by assisting State and local governments in taking prompt action to preserve open-space land which is essential to the proper long-range development and welfare of the Nation's urban areas, in accordance with plans for the allocation of such land for open-space purposes.

FEDERAL GRANTS

SEC. 702. (a) In order to encourage and assist in the timely acquisition of land to be used as permanent open-space land, as defined herein, the Housing and Home Finance Administrator (hereinafter referred to as the "Administrator") is authorized to enter into contracts to make grants to States and local public bodies acceptable to the Administrator as capable of carrying out the provisions of this title to help finance the acquisition of title to, or other permanent interests in, such land. The

amount of any such grant shall not exceed 20 per centum of the total cost, as approved by the Administrator, of acquiring such interests: Provided, That this limitation may be increased to not to exceed 30 per centum in the case of a grant extended to a public body which (1) exercises responsibilities consistent with the purposes of this title for an urban area as a whole, or (2) exercises or participates in the exercise of such responsibilities for all or a substantial portion of an urban area pursuant to an interstate or other intergovernmental compact or agreement. The faith of the United States is pledged to the payment of all grants contracted for under this title.

(b) The Administrator may enter into contracts to make grants under this title aggregating not to exceed \$50,000,000. There are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, the amounts necessary to provide for the payment of such grants as well as to carry out all other purposes of this title.

(c) No grants under this title shall be used to defray development costs or ordinary State or local governmental expenses, or to help finance the acquisition by a public body of land located outside the urban area for which it exercises (or participates in the exercise of) responsibilities consistent with the purpose of this title.

(d) The Administrator may set such further terms and conditions for assistance under this title as he determines to be desirable.

(e) The Administrator shall consult with the Secretary of the Interior on the general policies to be followed in reviewing applications for grants. To assist the Administrator in such review, the Secretary of the Interior shall furnish him appropriate information on the status of recreational planning for the areas to be served by the open-space land acquired with the grants. The Administrator shall provide current information to the Secretary from time to time on significant program developments.

PLANNING REQUIREMENTS

SEC. 703. (a) The Administrator shall enter into contracts to make grants for the acquisition of land under this title only if he finds that (1) the proposed use of the land for permanent open space is important to the execution of a comprehensive plan for the urban area meeting criteria he has established for such plans, and (2) a program of comprehensive planning (as defined in section 701(d) of the Housing Act of 1954) is being actively carried on for the urban area.

(b) In extending financial assistance under this title, the Administrator shall take such action as he deems appropriate to assure that local governing bodies are preserving a maximum of open-space land, with a minimum of cost, through the use of existing public land; the use of special tax, zoning, and subdivision provisions; and the continuation of appropriate private use of open-space land through acquisition and leaseback, the acquisition of restrictive easements, and other available means.

CONVERSIONS TO OTHER USES

SEC. 704. No open-space land for which a grant has been made under this title shall, without the approval of the Administrator, be converted to uses other than those originally approved by him. The Administrator shall approve no conversion of land from open-space use unless he finds that such conversion is essential to the orderly development and growth of

the urban area involved and is in accord with the then applicable comprehensive plan, meeting criteria established by him. The Administrator shall approve any such conversion only upon such conditions as he deems necessary to assure the substitution of other open-space land of at least equal fair market value and of as nearly as feasible equivalent usefulness and location.

TECHNICAL ASSISTANCE, STUDIES, AND PUBLICATION OF INFORMATION

SEC. 705. In order to carry out the purpose of this title the Administrator is authorized to provide technical assistance to State and local public bodies and to undertake such studies and publish such information, either directly or by contract, as he shall determine to be desirable. There are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such amounts as may be necessary to provide for such assistance, studies, and publication. Nothing contained in this section shall limit any authority of the Administrator under any other provision of law.

DEFINITIONS

SEC. 706. As used in this title—

(1) The term "open-space land" means any undeveloped or predominantly undeveloped land in an urban area which has value for (A) park and recreational purposes, (B) conservation of land and other natural resources, or (C) historic or scenic purposes.

(2) The term "urban area" means any area which is urban in character, including those surrounding areas which, in the judgment of the Administrator, form an economic and socially related region, taking into consideration such factors as present and future population trends and patterns of urban growth, location of transportation facilities and systems, and distribution of industrial, commercial, residential, governmental, institutional, and other activities.

(3) The term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam.

TITLE VIII—FARM HOUSING

SEC. 801. (a) Section 501(b) of the Housing Act of 1949 is amended by inserting "(1)" immediately after "(b)" and by adding at the end thereof a new paragraph as follows:

"(2) For the purposes of this title, the terms 'owner', 'farm', and 'mortgage' shall be deemed to include, respectively, the lessee of, the land included in, and other security interest in, any leasehold interest which the Secretary determines has an unexpired term (A) in the case of a loan, for a period sufficiently beyond the repayment period of the loan to provide adequate security and a reasonable probability of accomplishing the objectives for which the loan is made, and (B) in the case of a grant for a period sufficient to accomplish the objectives for which the grant is made."

(b) Section 502(b)(1) of such Act is amended by striking out "and such additional security" and inserting in lieu thereof the words "or such other security".

(c) Sections 511, 512, and 513 of such Act are each amended by striking out "1961" and inserting in lieu thereof "1965".

SEC. 802. The second sentence of section 511 of the Housing Act of 1949 is amended by striking out "\$450,000,000" and inserting in lieu thereof "\$650,000,000".

SEC. 803. (a) Section 501(a) of the Housing Act of 1949 is amended by inserting "(1)" before "to owners of farms", and by inserting before the period at the end thereof the following: ", and (2) to owners of other real estate in rural areas to enable them to provide dwellings and related facilities for their own use and buildings adequate for their farming operations".

(b) Section 501(c) of such Act is amended by inserting before the semicolon at the end of clause (1) the following: ", or that he is the owner of other real estate in a rural area without an adequate dwelling or related facilities for his own use or buildings adequate for his farming operations."

(c) Section 501 of such Act is further amended by adding at the end thereof the following new subsection:

"(d) As used in this title (except in sections 503 and 504(b)), the terms 'farm', 'farm dwelling', and 'farm housing' shall include dwellings or other essential buildings of eligible applicants."

SEC. 804. (a) Title V of the Housing Act of 1949 is further amended by adding at the end thereof the following new section:

"INSURANCE OF LOANS FOR THE PROVISION OF HOUSING AND RELATED FACILITIES FOR DOMESTIC FARM LABOR

"SEC. 514. (a) The Secretary is authorized to insure and make commitments to insure loans made by lenders other than the United States to the owner of any farm, any association of farmers, any State or political subdivision thereof, or any public or private nonprofit organization for the purpose of providing housing and related facilities for domestic farm labor in accordance with terms and conditions substantially identical with those specified in section 502; except that—

"(1) no such loan shall be insured in an amount in excess of the value of the farm involved less any prior liens in the case of a loan to an individual owner of a farm, or the total estimated value of the structures and facilities with respect to which the loan is made in the case of any other loan;

"(2) no such loan shall be insured if it bears interest at a rate in excess of 5 per centum per annum;

"(3) out of interest payments by the borrower the Secretary shall retain a charge in an amount not less than one-half of 1 per centum per annum of the unpaid principal balance of the loan;

"(4) the insurance contracts and agreements with respect to any loan may contain provisions for servicing the loan by the Secretary or by the lender, and for the purchase by the Secretary of the loan if it is not in default, on such terms and conditions as the Secretary may prescribe; and

"(5) the Secretary may take mortgages creating a lien running to the United States for the benefit of the insurance fund referred to in subsection (b) notwithstanding the fact that the note may be held by the lender or his assignee.

"(b) The Secretary shall utilize the insurance fund created by section 11 of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1005a) and the provisions of section 13 (a), (b), and (c) of such Act (7 U.S.C. 1005c

(a), (b), and (c)) to discharge obligations under insurance contracts made pursuant to this section, and

"(1) the Secretary may utilize the insurance fund to pay taxes, insurance, prior liens, and other expenses to protect the security for loans which have been insured hereunder and to acquire such security property at foreclosure sale or otherwise;

"(2) the notes and security therefor acquired by the Secretary under insurance contracts made pursuant to this section shall become a part of the insurance fund. Loans insured under this section may be held in the fund and collected in accordance with their terms or may be sold and reinsured. All proceeds from such collections, including the liquidation of security and the proceeds of sales, shall become a part of the insurance fund; and

"(3) of the charges retained by the Secretary out of interest payments by the borrower, amounts not less than one-half of 1 per centum per annum of the unpaid principal balance of the loan shall be deposited in and become a part of the insurance fund. The remainder of such charges shall be deposited in the Treasury of the United States and shall be available for administrative expenses of the Farmers Home Administration, to be transferred annually to and become merged with any appropriation for such expenses.

"(c) Any contract of insurance executed by the Secretary under this section shall be an obligation of the United States and incontestable except for fraud or misrepresentation of which the holder of the contract has actual knowledge.

"(d) The aggregate amount of the principal obligations of the loans insured under this section shall not exceed \$25,000,000 in any one fiscal year.

"(e) Amounts made available pursuant to section 513 of this Act shall be available for administrative expenses incurred under this section.

"(f) As used in this section—

"(1) the term 'housing' means (A) new structures suitable for dwelling use by domestic farm labor, and (B) existing structures which can be made suitable for dwelling use by domestic farm labor by rehabilitation, alteration, conversion, or improvement; and

"(2) the term 'related facilities' means (A) new structures suitable for use as dining halls, community rooms or buildings, or infirmaries, or for other essential services facilities, and (B) existing structures which can be made suitable for the above uses by rehabilitation, alteration, conversion, or improvement; and

"(3) the term 'domestic farm labor' means citizens of the United States who receive a substantial portion (as determined by the Secretary) of their income as laborers on farms situated in the United States."

(b) Title V of such Act is further amended—

(1) by inserting in section 506(a) "and section 514," immediately after "501 to 504, inclusive," each place it appears; and

(2) by striking out "under this title" in section 507 and inserting in lieu thereof "under sections 501 to 504, inclusive".

(c) The first paragraph of section 24 of the Federal Reserve Act (12 U.S.C. 371) is amended by inserting after "the Act of August 28, 1937, as amended" the following: ", or title V of the Housing Act of 1949, as amended".

SEC. 805. (a) Section 506 of the Housing Act of 1949 is amended—

(1) by striking out the last sentence of subsection (a);

(2) by redesignating subsection (b) as subsection (e); and

(3) by inserting after subsection (a) the following new subsections:

“(b) The Secretary is further authorized to conduct research and technical studies including the development, demonstration, and promotion of construction of adequate farm dwellings and other buildings for the purpose of stimulating construction, improving the architectural design and utility of such dwellings and buildings, and utilizing new and native materials, economies in materials and construction methods, and new methods of production, distribution, assembly, and construction, with a view to reducing the cost of farm dwellings and buildings and adapting and developing fixtures and appurtenances for more efficient and economical farm use.

“(c) The Secretary is further authorized to carry out a program of research, study, and analysis of farm housing in the United States to develop data and information on—

“(1) the adequacy of existing farm housing;

“(2) the nature and extent of current and prospective needs for farm housing, including needs for financing and for improved design, utility, and comfort, and the best methods for satisfying such needs;

“(3) problems faced by farmers and other persons eligible under section 501 in purchasing, constructing, improving, altering, repairing, and replacing farm housing;

“(4) the interrelation of farm housing problems and the problems of housing in urban and suburban areas; and

“(5) any other matters bearing upon the provision of adequate farm housing.

“(d) To the extent determined by him to be advisable, the Secretary may carry out the research and study programs authorized by subsections (b) and (c) through grants made by him on such terms, conditions, and standards as he may prescribe to land-grant colleges established pursuant to the Act of July 2, 1862 (7 U.S.C. 301-308) or through such other agencies as he may select.”

(b) Section 513 of such Act is amended by striking out “and (c)” and inserting in lieu thereof the following: “(c) not to exceed \$250,000 per year for research and study programs pursuant to subsections (b), (c), and (d) of section 506 during the period beginning July 1, 1961, and ending June 30, 1965; and (d)”.

SEC. 806. (a) Section 508 of the Housing Act of 1949 is amended by striking out “of \$5 per day” in subsection (a) and inserting in lieu thereof “determined by the Secretary”.

(b) Section 508 of such Act is amended by striking out “their opinions of the reasonable values of the farms” in the second sentence of subsection (b) and inserting in lieu thereof “as to the amount of the loan or grant.”

TITLE IX MISCELLANEOUS

HOME OWNERS' LOAN ACT OF 1933

SEC. 901. (a) Section 5(c) of the Home Owners' Loan Act of 1933 is amended by striking out “in loans insured under title I of the National Housing Act, as amended,” in the first sentence of the second paragraph and inserting in lieu thereof “in loans insured under title I of the National Housing Act, in home improvement loans insured under title II of the National Housing Act,”.

(b) Section 5(c) of such Act is further amended by adding at the end thereof the following new paragraph:

"Without regard to any other provision of this subsection except the area restriction and the \$35,000 limitation, any such association may invest an amount not exceeding at any one time 5 per centum of its assets in nonamortized loans which are made on the security of first liens upon homes or combinations of homes and business property and which (1) are repayable within a period of eighteen months, (2) provide that interest payments be made at least semiannually, and (3) do not exceed 80 per centum of the appraised value of the property involved. For the purposes of this paragraph the term 'first liens' includes the assignment of the whole of the beneficial interest in a trust having a corporate trustee whereunder real estate held in the trust can be subjected to the satisfaction of the obligation or obligations secured with the same priority as a first mortgage, a first deed of trust, or a first trust deed in the jurisdiction where the real estate is located."

(c) Section 5(c) of such Act is further amended by adding at the end thereof (after the paragraph added by subsection (b) of this section) the following new paragraph:

"Without regard to any other provision of this subsection except the area restriction, any such association is authorized to invest an amount not exceeding at any one time 5 per centum of its assets in amortized loans or participating interests therein which are secured by first liens upon improved real estate used to provide housing facilities for the aging, subject to the following qualifications:

"(1) each such loan shall be repayable within a period of 30 years;

"(2) no such loan shall exceed 90 per centum of the appraised value of the improved real estate given as security therefor; and

"(3) each such loan—

"(A) shall be made upon and secured by real estate which is improved by housing accommodations, individual or multiple, designed for the purpose of providing accommodations for occupancy by aging persons, or of providing rest homes or nursing homes, so constructed or altered as to be suitable primarily for the occupancy of persons over fifty-five years of age and limited principally to the occupancy of such persons; and

"(B) shall be made for the implementation of the purpose described in clause (A)."

(d) Section 5(c) of such Act is further amended by adding at the end thereof (after the paragraph added by subsection (c) of this section) the following new paragraph:

"Without regard to any other provision of this subsection, any such association is authorized to invest not more than 5 per centum of its assets in certificates of beneficial interest issued by any urban renewal investment trust. For the purposes of this paragraph the term 'urban renewal investment trust' means an unincorporated trust established by written agreement between the authorized officers of two or more savings institutions the savings or share accounts of which are insured by an agency of the Federal Government, which agreement—

"(1) expressly limits the purposes of the trust and the investment powers of the trustees to the elimination or prevention of the spread of slums and blighted or deteriorated or deteriorating areas and the redevelopment, renewal, rehabilitation, or conservation of such areas by private enterprise through financing the purchase or rehabilitation

of real property, or the construction of improvements thereon, designed or usable for industrial, commercial, or housing purposes within the confines of an urban renewal area (as defined in section 110 of the Housing Act of 1949);

"(2) expressly limits the beneficial ownership of the trust to savings and loan associations or banks the savings or share accounts of which are insured by an agency of the Federal Government;

"(3) provides that such beneficial ownership be evidenced by certificates of beneficial interest, which certificates shall have first claim at all times on the assets of the trust without preference between the holders thereof, and shall be fully transferable and assignable between any such banks and savings and loan associations at all times; and

"(4) expressly provides that it shall be effective and binding between the parties thereto only upon being approved by the board.

Any association chartered under the provisions of this section may become a party to any urban renewal investment trust. The Federal Home Loan Bank Board shall prescribe such rules and regulations, not inconsistent with the provisions of this paragraph, as it may deem necessary for the proper establishment of urban renewal investment trusts, for the effective operation thereof, and the participation in such operations of eligible institutions either as parties, as trustees, or as the holders of certificates of beneficial interest."

(e) Section 5(c) of such Act is further amended by adding at the end thereof (after the paragraph added by subsection (d) of this section) the following new paragraph:

"Without regard to any other provision of this subsection, any such association whose general reserves, surplus, and undivided profits aggregate a sum in excess of 5 per centum of its withdrawable accounts is authorized to invest in, to lend to, or to commit itself to lend to any business development credit corporation incorporated in the State in which the head office of such association is situated, in the same manner and to the same extent as the statutes of such State authorize a savings and loan association organized under the laws of said State to invest in, to lend to, or to commit itself to lend to such business development credit corporation, but the aggregate amount of such investments, loans, and commitments of any such association outstanding at any time shall not exceed one-half of 1 per centum of the total outstanding loans made by such association, or \$250,000, whichever is the lesser."

FEDERAL RESERVE ACT

SEC. 902. Section 24 of the Federal Reserve Act is amended by inserting at the end of the next to the last paragraph a new sentence as follows: "Home improvement loans which are insured under the provisions of section 203(k) or 220(h) of the National Housing Act may be made without regard to the first lien requirements of this section."

VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

SEC. 903. Section 610(a) of the Housing Act of 1954 is amended by striking out "1961" and inserting in lieu thereof "1965".

DISPOSAL OF PASSYUNK WAR HOUSING PROJECT

SEC. 904. Section 802(a) of the Housing Act of 1959 is amended by striking out "five" in the first sentence and inserting in lieu thereof "six".

DISPOSAL OF NATHANAEL GREENE VILLA HOUSING PROJECT

SEC. 905. Notwithstanding the provisions of section 606 of the Act entitled "An Act to expedite the provision of housing in connection with national defense, and for other purposes", approved October 14, 1940, as amended, and any agreements entered into thereunder, the Housing and Home Finance Administrator and the Public Housing Administration are authorized and directed to agree to the sale by the Housing Authority of Savannah, Georgia, to the City of Savannah, Georgia, of all right, title, and interest in and to Nathanael Greene Villa (low-rent Housing project GA-2-8; formerly war housing project GA-9041), for a total price of \$275,000, which shall be paid to the Administration and deposited by the Administration in the Treasury as miscellaneous receipts in accordance with section 606(d) of such Act.

HOSPITAL CONSTRUCTION

SEC. 906. (a) Section 605(b) of the Housing Act of 1956 is amended by striking out "1960" and inserting in lieu thereof "1962".

(b) Section 605(c) of such Act is amended by striking out "and June 30, 1961" and inserting in lieu thereof "June 30, 1961, and June 30, 1962".

PAYMENT IN LIEU OF TAXES BY HOLYOKE HOUSING AUTHORITY

SEC. 907. Notwithstanding the provisions of any other law or any contract or rule of law, the Public Housing Commissioner shall approve the payment in lieu of taxes, in the amount of \$9,933.47, made by the Holyoke Housing Authority to the city of Holyoke, Massachusetts, under section 10(h) of the United States Housing Act of 1937, for its fiscal year ended December 31, 1956.

RECORDS AND AUDIT

SEC. 908. Section 814 of the Housing Act of 1954 is amended to read as follows:

"RECORDS

"SEC. 814. Every contract between the Housing and Home Finance Agency (for any official or constituent thereof) and any person or local body (including any corporation or public or private agency or body) for a loan, advance, grant, or contribution under the United States Housing Act of 1937, as amended, the Housing Act of 1949, as amended, or any other Act shall provide that such person or local body shall keep such records as the Housing and Home Finance Agency (or such official or constituent thereof) shall from time to time prescribe, including records which permit a speedy and effective audit and will fully disclose the amount and the disposition by such person or local body of the proceeds of the loan, advance, grant, or contribution, or any supplement thereto, the capital cost of any construction project for which any such loan,

advance, grant, or contribution is made, and the amount of any private or other non-Federal funds used or grants-in-aid made for or in connection with any such project. No mortgage covering new or rehabilitated multifamily housing (as defined in section 227 of the National Housing Act, as amended) shall be insured unless the mortgagor certifies that he will keep such records as are prescribed by the Federal Housing Commissioner at the time of the certification and that they will be kept in such form as to permit a speedy and effective audit. The Housing and Home Finance Agency or any official or constituent agency thereof and the Comptroller General of the United States shall have access to and the right to examine and audit such records. This section shall become effective on the first day after the first full calendar month following the date of approval of the Housing Act of 1961."

ADMINISTRATIVE

SEC. 909. Section 502 of the Housing Act of 1948 is amended by—

(1) striking out in subsection (c)(3) the first proviso, the colon thereafter, and the words "And provided further," and inserting in lieu thereof "Provided,"; and

(2) adding at the end thereof the following subsection:

"(d) The Housing and Home Finance Administrator, the Federal Housing Commissioner, and the Public Housing Commissioner, respectively, may utilize funds made available to them for salaries and expenses for payment in advance for dues or fees for library memberships in organizations (or for membership of the individual librarians of the respective agencies in organizations which will not accept library membership) whose publications are available to members only, or to members at a price lower than to the general public, and for payment in advance for publications available only upon that basis or available at a reduced price on prepublication order."

And the House agree to the same.

BRENT SPENCE,
WRIGHT PATMAN,
ALBERT RAINS,
ABRAHAM J. MULTER,

Managers on the Part of the House.

JOHN SPARKMAN,
PAUL H. DOUGLAS,
JOSEPH S. CLARK,
HARRISON WILLIAMS,
EDMUND S. MUSKIE,
EDWARD V. LONG,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the Senate bill and the House amendment. Except for technical, clarifying, and conforming changes, the following statement explains the differences between the House amendment and the substitute agreed to in conference.

TITLE I—NEW HOUSING PROGRAMS

FHA SECTION 221

Type of structure

The House bill contained a provision limiting FHA section 221 insurance to single-family homes. The Senate bill would continue existing law permitting mortgage insurance on two-, three-, and four-family units. The conference substitute authorizes section 221 insurance for two-, three-, and four-family units for displaced families only, and restricts the use of the program for other moderate income families to single-family homes

Mortgage terms on sales housing

The Senate bill provided that the downpayment requirements of the FHA section 203 program would apply to section 221 sales housing—that is, 3 percent of the first \$13,500 of value, plus 10 percent over \$13,500 up to a maximum mortgage of \$15,000. The Senate bill also provided a 40-year term. The House bill provided for a downpayment of 3 percent of the purchase price, including closing costs, for moderate income families and made no change in existing law for displaced families who need pay only \$200 in cash including closing costs. The House bill provided a 35-year maturity for moderate income families and made no change in the 40-year term now in existing law for displaced families.

The conference substitute makes no change in the 40-year term now in existing law for displaced families. For new construction for moderate income families the substitute provides a 35-year maximum maturity, except that in hardship cases the Commissioner is authorized to permit an additional 5-year term up to 40 years where the buyer cannot meet the monthly payments under the shorter term. For existing construction for moderate income families a 30-year maximum

maturity would apply. The downpayment would apply to purchase price, and closing costs can be included in the loan.

Limit on maximum rehabilitation mortgage

The Senate bill contained a provision, not in the House bill, permitting a section 221 rehabilitation loan to take into account the amount needed to refinance existing indebtedness against the property. (A similar difference existed between the provisions of the Senate and House bills on section 220 mortgages.) The conference substitute conforms to the Senate bill.

Eligible borrowers for low-interest rental housing

The House bill included a provision making public bodies or agencies, other than local public housing authorities, eligible as borrowers. The conference substitute conforms to the House bill with an amendment making any public body eligible which does not receive financial assistance from the United States exclusively pursuant to the United States Housing Act of 1937.

Occupancy requirements for low-interest rental housing

The House bill contained a provision limiting initial occupancy of low-interest section 221 rental housing to families whose incomes make it impossible for them to obtain decent, safe, and sanitary housing in the private market. There was no comparable provision in the Senate bill and none is contained in the conference substitute. The conference substitute does retain the language contained in both bills stating that "this section is designed to assist private industry in providing housing for low and moderate income families and families displaced from urban renewal areas or as a result of governmental action."

Termination of program

The House bill contained a provision limiting the new program of low-interest loans under section 221 (along with the other sec. 221 programs) to 2 years except in the case of displaced families. The Senate bill contained no termination date for the low-interest program. The conference substitute would limit this program to 4 years.

FHA HOME IMPROVEMENT AND REHABILITATION LOAN PROGRAM

Limitation on loans

The Senate bill contained a provision, not in the House bill, limiting the new FHA-insured home improvement loans to structures at least 10 years old. The conference substitute omits this age limitation but contains a requirement that loans on structures less than 10 years old under this program must involve major structural changes in the dwelling units (or to correct defects of certain specified types).

FNMA authority to purchase loans

The House bill authorized FNMA purchases of the new FHA-insured home improvement loans in urban renewal areas only and through its special assistance function only. The Senate bill authorized FNMA to purchase these loans both inside and outside urban renewal areas and under both secondary market and special assistance. The conference substitute conforms to the Senate bill.

CONDOMINIUM HOUSING

Number of units per purchaser

The House bill contained a provision limiting occupants of FHA-insured condominium housing to the ownership of a single insured unit. The Senate bill permitted an occupant to own up to four insured units. The conference substitute conforms to the Senate bill.

TITLE II—HOUSING FOR THE ELDERLY AND LOW-RENT HOUSING

Eligible borrowers

The Senate bill contained a provision making public bodies or agencies eligible for direct loans under the housing for the elderly program authorized by the Housing Act of 1959. This provision was not in the House bill. The conference substitute makes eligible public bodies which do not receive financial assistance from the United States exclusively pursuant to the United States Housing Act of 1937.

Loan authorization

The House bill would have authorized an additional \$100 million for direct loans for housing for the elderly. The Senate bill provided \$50 million for this purpose. The conference substitute authorizes \$75 million.

Minimum age of occupants

The House bill would have reduced the minimum age of occupants of housing for the elderly financed under the direct loan program from 62 to 60. There was no comparable provision in the Senate bill and none is contained in the conference substitute.

LOW-RENT PUBLIC HOUSING

Use of existing structures

The Senate bill contained language not in the House bill urging the Public Housing Administration to encourage the use of existing structures for low-rent public housing. The conference substitute omits this language. However, the conferees felt that this was a highly worthwhile purpose which might achieve substantial economies in the low-rent housing program and permit greater flexibility in its operations. It is hoped that the PHA, under its existing authority, will give every encouragement to the use of existing structures where reasonable.

Additional subsidy for elderly

Both the House and Senate bills contained provisions authorizing additional payments up to \$120 a year for a public housing unit occupied by an elderly family, if such payment is necessary to maintain the solvency of the project. A question arose whether or not the provision as written would permit these payments to be made in the case of the old PWA and war housing projects which were built by the Federal Government and are now in the low-rent program. While no amendment was made by the conference, it is the clear understanding and intent of the conferees that these payments can be made for all projects in the public housing program, including those built under PWA and the war housing program.

Local responsibility for admission policies

The House bill contained a provision extending for 4 years the existing waiver of certain admission requirements for veterans and servicemen. The Senate bill eliminated the rigid statutory priorities for admission and authorized greater flexibility for local authorities in shaping admission policies, but with the provision that due consideration be given to veterans and servicemen, families displaced by urban renewal and other Government action, and the disabled and elderly. The conference substitute conforms to the Senate provision.

The Senate bill further provided that local housing authorities could permit over-income tenants to continue to occupy the project during the period the local agency determines that the over-income family is unable to find a decent private dwelling within its financial reach. There is no similar provision in the House bill. The conference substitute contains the Senate language with an amendment requiring such an over-income family to pay an increased rent appropriate to its higher income status.

Demonstration program

The Senate bill contained a provision authorizing grants to public or private bodies to develop and demonstrate new and improved means of providing housing for low income families, and for economy in costs and management; \$10 million would have been authorized for this purpose. There was no similar provision in the House bill. The conference substitute retains the substance of the Senate provision with an amendment authorizing \$5 million for the Housing and Home Finance Agency to undertake the program.

Per room cost limits

The Senate bill contained a provision not in the House bill, authorizing an increase in the per room cost limit from \$2,500 to \$3,500 for housing for the elderly in Alaska. The conference substitute contains the Senate provision.

TITLE III—URBAN RENEWAL

Incontestability of Federal obligations

The Senate bill contained a provision making the Federal obligation to make payments to local public agencies under the urban renewal program incontestable when pledged as security for bonds issued by the local authority. There was no such provision in the House bill. The conference substitute contains the Senate provision and also applies it to securities issued by local housing authorities.

Eligibility for relocation payments

The Senate bill contained a provision not in the House bill making nonprofit organizations eligible for relocation payments under the urban renewal program. The conference substitute conforms to the Senate bill.

Loans to displaced business

Both the House and Senate bills contained provisions making displaced business firms eligible for loans on liberal terms through the Small Business Administration. The Senate provision limited loans to assist reestablishment of small business concerns (no comparable

provision in House); the conference substitute conforms to the Senate bill. The House bill covered only businesses displaced by urban renewal, whereas the Senate bill also covered highway construction or any other federally aided construction; the conference substitute conforms to the Senate provision.

Under the Senate bill, the interest rate on these loans would be set by a formula which currently results in a 4½-percent interest rate. The House bill provided for the same rate now allowed on disaster loans (3 percent). The conference substitute would establish the rate by the formula now used in the college housing loan program (average interest on all Federal debt plus one-fourth of 1 percent for administrative costs) which currently gives a rate of 3½ percent. The Senate bill also had a provision not in the House bill authorizing \$50 million for these loans. The conference substitute would provide \$25 million.

Projects involving colleges and hospitals

The Senate bill had a provision not in the House bill permitting certain expenditures by colleges and hospitals to count toward the local one-third share of urban renewal costs if made in connection with a project for which a loan and grant contract is authorized prior to September 25, 1963, if expenditures were made 5 years prior to the date of application for loan or grant. The conference substitute conforms to the Senate provision.

Credit for local grants-in-aid

The House bill contained a provision, not in the Senate bill, permitting credit for local grants-in-aid for projects approved under law prior to 1954 to be allowed on the basis of the more liberal provisions added to the law in 1954 and subsequently. The conference substitute retains this provision but restricts its applicability to the city of Norfolk.

URBAN PLANNING ASSISTANCE

Grant authorization

The House bill would have authorized an increase of \$30 million in the funds for urban planning grants. The Senate bill provided for an increase of \$80 million. The conference substitute authorizes an increase of \$55 million.

TITLE V—COMMUNITY FACILITY LOANS

Limit on loans

The House bill limited the amount of loans which could be outstanding at any one time for a single project to \$10 million. There was no comparable provision in the Senate bill and none is contained in the conference substitute.

Types of facilities

The House bill contained a provision making eligible any facility for which a loan could be made "in accordance with regulations of the Administrator immediately prior to" date of enactment of the bill. There was no comparable provision in the Senate bill and none is contained in the conference report.

Interest rate

The House bill provided that the interest rate on public facility loans would be set at the average interest rate paid by the Treasury and on outstanding Federal debt, plus one-fourth of 1 percent for administrative costs (the college housing formula). There was no comparable provision in the Senate bill. The conference substitute conforms to the House bill except that one-half of 1 percent (instead of one-fourth of 1 percent) would be added for administrative costs (for the current fiscal year this yields a rate of $3\frac{3}{4}$ percent).

Loan authorization

The Senate bill provided for an increase of \$50 million in the public facility loan fund. The House bill would have increased this fund by \$500 million. The conference substitute conforms to the House bill but with the provision that a maximum of \$50 million of this amount could be used for mass transit loans (discussed below).

Mass transportation

The Senate bill authorized loans to State and local public bodies for facilities and equipment for mass transportation in urban areas, and earmarked \$100 million of the increased authority for public facility loans for this purpose. It also amended section 701 of the Housing Act of 1954 to provide specific authority for grants to cover planning for mass transportation, and made up to \$50 million of the urban renewal capital grant authority available for mass transportation demonstration projects. No such provisions were included in the House bill.

The conference substitute includes provisions authorizing temporary, emergency loans for facilities and equipment for mass transportation in urban areas, up to \$50 million. This authority would expire December 31, 1962. Grants for mass transportation demonstration projects would be authorized, to be made out of the funds available for urban renewal grants, in a total amount of not more than \$25 million. Planning grants under section 701 of the Housing Act of 1954 would be available for developing comprehensive plans covering mass transportation as well as other problems of sound urban development.

TITLE VI—AMENDMENTS TO NATIONAL HOUSING ACT

FEDERAL NATIONAL MORTGAGE ASSOCIATION

Special assistance for cooperatives

The House bill contained a provision authorizing FNMA to reserve special assistance funds for purchase of a cooperative mortgage when FHA has issued a statement of feasibility on the project and application for FHA insurance has been filed. There was no comparable provision in the Senate bill and none is contained in the conference substitute.

Special assistance for FHA section 810 housing

The House bill would have established a special assistance fund of \$25 million in FNMA for the purchase of FHA section 810 mortgages (housing in defense-impacted areas). There was no comparable provision in the Senate bill and none is contained in the conference report.

FHA INSURANCE PROGRAMS

Mortgage insuring authority

The Senate bill contained a provision removing the dollar ceiling on FHA mortgage insuring authority and establishing a termination date of October 1, 1965. The House bill was similar except that after October 1, 1965, the ceiling on FHA mortgage insuring authority would be the total amount of insurance and commitments then outstanding (thus permitting FHA to use its "rollover" after that date). The conference substitute conforms to the Senate bill.

Maximum mortgage amount under section 203

The House bill contained a provision increasing the dollar limit on one-family and two-family home mortgages to \$27,500 (from \$22,500 and \$25,000 respectively). There was no comparable provision in the Senate bill. The conference substitute would increase the maximum amount of mortgages on one-family homes to \$25,000 and on two-family homes to \$27,500.

Maximum maturity under section 203

The House bill contained a provision increasing the maximum maturity for the regular FHA sales housing program from 30 to 40 years. The Senate bill contained no similar provision. The conference substitute permits a 35-year maturity in the case of new construction but retains the existing 30-year maximum for existing construction.

Economic feasibility of cooperatives

The House bill provided that the test of whether construction of a cooperative project is economically feasible shall be whether purchasers are available who can afford the housing at the cooperative charges which will be imposed. There was no comparable provision in the Senate bill and none is contained in the conference substitute.

TITLE VII—OPEN SPACE LAND

Aid for parks and playgrounds

The House bill authorized a new program of partial Federal grants to assist in the acquisition of permanent open space land for use as parks and playgrounds, and authorized \$100 million for this purpose. There was no comparable provision in the Senate bill. The conference substitute conforms to the House provision except that the amount of grants which can be contracted for would be limited to \$50 million.

Land development insurance

The House bill contained a provision establishing a new program of FHA mortgage insurance for the acquisition and development of land for residential use. There was no similar provision in the Senate bill and none is contained in the conference substitute.

TITLE VIII—FARM HOUSING

Farm housing—Lessees

The Senate bill contained a provision, not in the House bill, making lessees of farmland eligible for farm housing assistance under title V of the Housing Act of 1949. The conference substitute contains this provision.

TITLE IX—MISCELLANEOUS

Federal savings and loan associations

The Senate bill contained a provision, not in the House bill, permitting Federal savings and loan associations to lend to or invest in business development corporations in the same State to the same extent as State-chartered associations in the State are permitted to make such loans and investments. Such loans would be limited to not more than one-half percent of an association's total outstanding loans or \$250,000, whichever is less. The conference substitute conforms to the Senate bill.

Disposal of Passyunk war housing

The Senate bill contained a provision extending for 1 year the period during which military and civilian personnel may continue to occupy the Passyunk war housing project in Philadelphia. The comparable House provision would have made a 2-year extension. The conference substitute conforms to the Senate bill.

Requirement of records

The Senate bill contained a provision, not in the House bill, requiring that every contract entered into by HHFA or one of its constituent agencies (and including FHA-insured multifamily housing) shall provide that the borrower or recipient of a grant shall keep such records as may be prescribed. The conference substitute contains this provision.

BRENT SPENCE,
WRIGHT PATMAN,
ALBERT RAINS,
ABRAHAM J. MULTER,

Managers on the Part of the House.



Digest of CONGRESSIONAL PROCEEDINGS

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HIGHLIGHTS: Both Houses agreed to conference report on housing bill. Rep. Young, Ohio, urged Federal aid for migratory farm workers. Rep. Miller criticized allocation of sugar quota for Philippines. Rep. Breeding introduced and discussed bill to extend present soil bank contracts.

SENATE

- 1. HOUSING; FARM LOANS.** Both Houses agreed to the conference report on S. 1922, the omnibus housing bill (pp. 10701-9, 10742-4, 10747-8, 10753-81). The Senate rejected, 42 to 47, a motion by Sen. Bush to recommit the conference report with instructions to the Senate conferees not to exceed the Administration's requests for authorizations (pp. 10754-79). This bill will now be sent to the President. See Digests 95 and 107 for items of interest to this Department.
- 2. PUBLIC DEBT.** Passed without amendment H. R. 7677, to increase the public debt limit by \$13 billion, from \$285 billion to \$298 billion, for a temporary period ending June 30, 1962. This bill will now be sent to the President. pp. 10740-2, 10792-801
- 3. VETERANS' LOANS.** Agreed to the House amendment to H. R. 5723, to extend the veterans' guaranteed and direct home loan program. This bill will now be sent to the President. p. 10781

4. TRANSPORTATION. Passed without amendment S. 2154, to provide for the operation of steamship conferences. pp. 10786-8
5. FARM LABOR. Sen. Young, Ohio, expressed concern over the conditions of migratory farm workers, urged enactment of legislation to provide a program of Federal assistance for such workers, and inserted an article, "Migrant Workers' Plight." pp. 10733-4
6. WATER POLLUTION. The "Daily Digest" states that conferees "agreed to file a conference report on the differences between the Senate- and House-passed versions of H. R. 6441, Federal Water Pollution Control Act Amendments." p. D521
7. HORSEMEAT IMPORTS. The Finance Committee voted to report (but did not actually report) with amendment H. R. 4591, to continue through June 30, 1962, the suspension of duties on metal scrap with an amendment "so as to include text of S. 1718, to place horsemeat on the free list." p. D516
8. SURPLUS COMMODITIES; FOREIGN TRADE. Sen. Bennett expressed concern over his "understanding that the Department of Agriculture will utilize the Public Law 480 program to sell certain surplus farm commodities to foreign lands for dollars which will be used to purchase lead and zinc for a supplemental Government stockpile." He stated that he had been advised that the administration will soon enter into an agreement with Canada for the barter of U. S. wheat for Canadian lead. p. 10748
9. EDUCATION. Sen. Bennett urged enactment of legislation to continue the program of Federal assistance to schools in federally impacted areas. p. 10748
10. FARM MACHINERY; FOREIGN AFFAIRS. Sen. Keating urged the public to again contribute money for the purchase of farm tractors to send to Cuba in exchange for prisoners. p. 10734
11. LEGISLATIVE PROGRAM. Sen. Mansfield announced that today, June 29, the calendar will be called and S. 1154, the educational exchange bill, will be considered. pp. 10781-2

HOUSE

12. APPROPRIATIONS. By a vote of 412 to 0, passed without amendment H. R. 7851, the Defense Department appropriation bill for 1962. pp. 10672-98
13. SUGAR. Rep. George P. Miller criticized the USDA handling of Philippine sugar quotas, contended that quotas which should have been allocated to the Philippines were allocated to India and Brazil, and inserted an article, "Sugar Deal Sours Filipinos -- United States Wins India, Spurns Loyal Ally." He said "action was taken against the Philippines ... without due process of law." pp. 10710-1
14. EDUCATION. The Education and Labor Committee voted to report (but did not actually report) H. R. 7904, to extend and improve the National Defense Education Act. p. D518
Rep. Rodino said that his bill H. R. 4351, authorizing \$17.5 million annually to provide for national defense scholarships, should be included in H. R. 6774, to amend the National Defense Education Act of 1958. p. 10723

subsequent calendar years. Senate amendments numbered 19, 20, 21, and 22 provide that this increase in the rate of tax, as modified by the House bill, is to apply to the calendar year 1968 and subsequent calendar years. Thus, under the conference agreement the rate of the employer tax, and the rate of the employee tax, for the calendar year 1968 and subsequent calendar years will be 4½ percent.

The House recedes.

Amendment No. 23: Senate amendment numbered 23 adds a new section 202 to the bill. Subsection (a) amends section 1402(e) of the Internal Revenue Code of 1954 by adding at the end thereof a new paragraph numbered (6). Under the new paragraph in any case where a minister or Christian Science practitioner dies after September 12, 1960, and before April 15, 1962, his survivor or the fiduciary of his estate may file a certificate, on or before April 15, 1962, electing to have the services of the minister or Christian Science practitioner covered under title II of the Social Security Act. Such a certificate would be effective for the period prescribed in existing law as if filed by the minister or Christian Science practitioner on the date of his death.

Subsection (b) of the new section 202 provides the effective date for the amendment.

The House recedes.

Amendment No. 24: This amendment adds a new section 1113 to title XI of the Social Security Act authorizing, on a permanent basis, a new program of assistance for United States nationals returned from foreign countries.

The House recedes with an amendment which is a substitute for the language proposed to be inserted in title XI by the Senate. Under this substitute, the Secretary of Health, Education, and Welfare is authorized to provide temporary assistance to citizens of the United States and to dependents of citizens of the United States, if (1) they are identified by the Department of State as having returned, or been brought, from a foreign country to the United States because of the destitution of the citizen of the United States or the illness of such citizen or any of his dependents or because of war, threat of war, invasion, or similar crisis, and (2) they are without available resources.

Except in such cases or classes of cases as are set forth in regulations of the Secretary of Health, Education, and Welfare, provision is to be made for reimbursement to the United States by the recipients of the temporary assistance under the new section 1113 to cover the cost of such assistance. In connection with this requirement of reimbursement, it is contemplated that the regulations will include provisions for the assignment of claims in appropriate cases.

The Secretary may provide this assistance directly or through utilization of the services and facilities of appropriate public or private agencies and organizations.

The new provision also authorizes the Secretary of Health, Education, and Welfare to develop plans and make arrangements for provision of temporary assistance within the United States to individuals eligible for such assistance.

For purposes of the new provision, the term "temporary assistance" is defined as meaning money payments, medical care, temporary billeting, transportation, and other goods and services necessary for the health or welfare of individuals (including guidance, counseling, and other welfare services) furnished to them within the United States on their arrival in the United States and for such period after their arrival as may be provided in regulations.

No assistance may be provided under this new section 1113 after June 30, 1962.

Amendment No. 25: Senate amendment numbered 25 adds a new section 303 to the bill providing for additional Federal partici-

pation during the period July 1, 1961, to June 30, 1962, in public assistance payments under titles I, X, and XIV of the Social Security Act.

Subsection (a) (1) of the new section provides additional Federal participation in old-age assistance payments to States that raise their average payment per recipient under the program. The increase in Federal funds may not exceed the Federal percentage of \$2.50 per recipient or, if less, the Federal percentage of expenditures not subject to Federal participation under existing law. In addition, the increase in Federal funds may not exceed the amount of the increase in expenditures over a base period (the quarter beginning January 1, 1961) computed on an average per recipient times the number of recipients basis. In determining this increase, adjustments would be made for the decrease (if any) in assistance from State or local funds.

Subsection (a) (2) of the new section makes approximately proportionate changes in the special provisions applying to Guam, Puerto Rico, and the Virgin Islands.

Subsections (b) and (c) make similar changes in title X (aid to the blind) and title XIV (aid to the totally and permanently disabled).

In general, title I of the Social Security Act provides for Federal financial participation in old-age assistance expenditures by the States equal to—

(1) four-fifths of the first \$30 per month of the average old-age assistance payment, plus

(2) the Federal percentage (varying in accordance with relative State per capita income between 50 percent and 65 percent) of the excess of the average monthly old-age assistance payment over \$30 but not over \$65.

Under the conference agreement the \$30 and \$65 figures are increased to \$31 and \$66, respectively. Comparable changes are made in title X (aid to the blind) and title XIV (aid to the totally and permanently disabled) of the Social Security Act.

Approximately proportionate changes are made in the special provisions of titles I, X, and XIV of such Act applying to Puerto Rico, the Virgin Islands, and Guam by increasing the \$35 per month maximum on the average monthly payment in which the Federal Government participates to \$35.50.

Title I of the Act also provides for Federal financial participation in the excess of the State average old-age assistance payment per month over \$65 but not over \$80, but only to the extent that such excess is represented by expenditures in the form of vendor medical care payments. Under the conference agreement the \$65 and \$80 figures are increased to \$66 and \$81, respectively. Approximately proportionate changes are made in the vendor medical care payment provisions applying to Puerto Rico, the Virgin Islands, and Guam.

Under the conference agreement, the amendments made to titles I, X, and XIV are to apply only in the case of expenditures made after September 30, 1961, and before July 1, 1962, under State plans approved under such titles.

In conformity with the conference agreement with respect to increased Federal payments to Puerto Rico, the Virgin Islands, and Guam under titles I, X, and XIV, the conference agreement increases the limitations under section 1108 of the Social Security Act on the total amounts which may be paid to them for the fiscal year ending June 30, 1962.

Amendment No. 26: This amendment added a new section 304 to the bill providing that as used in titles I and III of the bill (and in the provisions of the Social Security Act amended thereby) the term "Secretary", unless the context otherwise requires, means

the Secretary of Health, Education, and Welfare.

The House recedes.

W. D. MILLS,
CECIL R. KING,
THOS. J. O'BRIEN,
N. M. MASON,
JOHN W. BYRNES,

Managers on the Part of the House.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. McGown, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1922) entitled "An act to assist in the provision of housing for moderate- and low-income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes."

The message also announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 30. Concurrent resolution to make a correction in the enrollment of S. 1922, the Housing Act of 1961.

The message also announced that the Senate agrees to the amendment of the House to the Senate amendment to the bill (H.R. 5723) entitled "An act to extend the veterans' guaranteed and direct home loan program and to provide additional funds for the veterans' direct loan program."

HOUSING ACT OF 1961—CONFERENCE REPORT

Mr. RAINS. Mr. Speaker, I call up the conference report on the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama [Mr. RAINS]?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 27, 1961.)

Mr. RAINS. Mr. Speaker, I yield myself 10 minutes.

The SPEAKER. The gentleman from Alabama is recognized.

Mr. RAINS. Mr. Speaker, the conference report before us is the conference report on the housing bill which, as all the Members of the House know, passed this body only a few days ago by a vote of 235 to 178. It has just passed the Senate on a final rollcall by a vote of 53 to 38.

The House conferees, I am convinced, did a good job. There was 80 points of difference between the House bill and the Senate bill. In some instances, natur-

ally, we were forced to compromise; of course, that is the purpose of a conference.

Mr. Speaker, to those who are particularly concerned with the dollar amounts in the bill, let me say that the conferees from the other side came in with a bill totaling \$6.1 billion. The House bill carried a total of \$4.9 billion in new authorization. We held the House total in conference in spite of strong pressures to increase it; in fact, we actually cut the original figure of the House bill by \$45 million.

Mr. Speaker, I need not remind my colleagues that now that the other body has acted we have only one choice before us here—that is to vote this housing bill up or down. Mr. Speaker, it is absolutely essential that we pass this bill today. Many programs are out of funds or are expiring, including the entire FHA home insurance program. And when we vote we will be judged by one standard and one standard alone—are we in favor of providing the housing the American people need, or are we against decent housing—that is the simple choice before us.

Mr. Speaker, I am sure that the main points of the housing bill are familiar to everyone after last week's thorough debate in the House. In general, it provides more liberal FHA terms for home buyers and for rental housing for modest income families. It also provides a 4-year extension of FHA mortgage insuring authority which is needed immediately because the FHA expects to exhaust its present authority within 2 weeks. It also provides additional loan funds for the program of direct loans for housing for the elderly. It adds additional money to the urban renewal program and provides more liberal terms for small towns and depressed areas. It authorizes the construction of additional low-rent public housing units necessary to meet the needs of families displaced by urban renewal and other Government action, as well as older people and other low income families. It provides additional funds to keep the college housing loan program going for 4 years. It authorizes an expanded community facility program for small towns and depressed areas and lowers the interest rate on these loans. It provides additional FNMA money essential to the success of our new housing programs and highly important to homebuilding generally in those areas which lack mortgage money, such as the South and West. It provides for a new program of partial Federal grants to provide parks and playgrounds for the towns and cities of this country. Finally, it extends and expands the farm housing loan program for 4 years and makes additional money available for this purpose.

Mr. Speaker, I am not going into detail on the contents of this bill. As the items I have just mentioned show, this bill covers all phases of our housing programs and will benefit every part of our country and every group in our population. Instead, let me point out the highlights of the changes which were made by the conference committee.

Mr. Speaker, I know that those who have not yet read the statement of man-

agers contained in the conference report will be particularly interested in the provision extending mortgage maturities under FHA's section 221 program for modest income families. For some reason, this item was singled out for special attack. It became the lightning rod of the bill. Because of this I offered an amendment to the housing bill when it was on the floor last week reducing the term from 40 years to 35 years. I know this amendment pleased a great many of my colleagues and I am happy to say that the conference report keeps the essence of the housing provision.

This one item more than any other threatened most seriously to deadlock the conference. It was repeatedly passed over and finally was the very last item dealt with by the conferees. The conference report sets the maximum term on the new program of homeownership for modest-income families at the 35 years the House had passed with two amendments. First, the 35-year limit would apply only to new construction while existing construction would be limited to 30 years. This, of course, greatly tightens on the provision because it is these older homes which involve by far the greatest risk in the case of long-term mortgages. Actually, I for one, would have been perfectly willing to give the FHA authority to go as long as 40 years on existing homes and leave it to the discretion of the Commissioner whether or not any particular home was adequate security for such a loan. However, I knew I was constrained by the temper of the House and so I agreed to this restrictive compromise. Therefore, maturities of more than 30 years for moderate income families are limited to newly built homes.

Second, the conference report allows a special exception of an additional 5 years beyond the 35-year limit for hardship cases. This means that if a prospective home buyer can show the FHA Commissioner that he cannot get the home he needs under the shorter terms, and if the FHA Commissioner finds that he could make the payments with this extra 5-year leeway which reduces monthly costs, he may make an exception to the limitation in that case. This is the approach that was used so successfully in the GI loan program during the Korean emergency when mortgage terms were restricted and veterans were given a special preference through lower downpayments and a longer mortgage term.

Mr. Speaker, I want everyone to understand that these new and more restrictive terms on the FHA section 221 program cover only the new part—that which would apply to moderate-income families generally. We were very careful to keep the same terms for displaced families that have been in the law ever since 1954 and have worked so successfully. These displaced families will continue to get 40-year loans with a \$200 cash payment as they do right now.

In view of the action of the House last week in cutting the terms on FHA mortgage insurance for modest-income families—an action upheld by the conference—it was only natural that some change should be made in the provisions

in the House bill affecting FHA's basic homeownership program under section 203. The bill as passed by the House would have authorized a 40-year term for these loans in place of the 30-year limit provided under existing law. I am fully aware that if an amendment had been offered to reduce these maturities, it would have carried. Frankly, I was perfectly ready to make a compromise on that point in the House since naturally we do not want to provide more liberal terms for the higher income homebuyers covered by section 203 than we do for modest-income families. Therefore, to carry out what I am certain was the real intent of the House, we agreed to restrict section 203 maturities to 35 years in the case of new construction and 30 years in the case of old homes.

At the same time I am pleased to say that the Senate conferees saw the wisdom of the modest reduction in downpayment requirements which the House bill made under section 203 and accepted them without change. They also went along with the increased mortgage amounts under 203 so that under the conference report FHA can insure a loan of up to \$25,000 on a single-family home instead of being limited to \$22,500 as under existing law.

Mr. Speaker, these more liberal terms will enable hundreds of thousands of American families to obtain the homes they need on terms which they can afford. These provisions will not only improve housing conditions but will give a boost to the homebuilding industry and thereby help our entire economy. I do not need to remind my colleagues that we cannot sit idly by and do nothing while 5 million American men and women pound the pavements looking for work. I know the economists say that the worst of the recession is over and things are looking up, but they are looking up very slowly. The American people will not tolerate a repetition of our experience with the 1958 recession when timid half-measures proved to be too little and too late. The homebuilding industry did heroic service at that time in stimulating the entire economy, but the aid provided was not enough. Given the shot-in-the-arm which the \$1 billion FNMA special assistance fund provided, housing starts jumped 50 percent between April 1958, and the end of the year. But that bill failed to provide comprehensive aid to the industry—and you will recall that the general housing bill was defeated that year under suspension of the rules, lacking only 6 votes of the needed two-thirds majority. By contrast this bill provides just that overall assistance. It will promptly lift homebuilding out of the doldrums and also provide the necessary liberalizations of law and additional authority to maintain new construction at a high level for several years to come.

Mr. Speaker, there is another provision in this conference report which both strikes at one of our most critical needs and at the same time will help to put those 5 million jobless people back to work. It is a provision in which I take deep personal pride since I have fought

for such a program for several years. Of course I mean the expanded community facility program. I am indeed proud that the conference committee endorsed the wisdom of the House in including this section of the bill in the conference report with only minor changes, one which I note with some regret. The House bill would have made these loans available at the college housing interest rate which is currently 3½ percent. As everyone fully knows from the debates in the past years on this point, this is a formula which fully reflects the cost of money to the Government and includes an extra one-quarter of 1 percent which completely covers all costs of administration. However, we met with some resistance on this point and we were forced to agree in conference to allow a full one-half of 1 percent to be added on the basic rate instead of one-quarter of 1 percent. The result is that the Government will make some money off this program and, although I certainly do not object to programs which make money for the Government, as most of our housing programs do, I did not wish community facilities to be one of them. The need is too great and the problems of our local governments in meeting their responsibilities are too great. However, the interest rate which results from this new formula—3¾ percent—is still highly favorable and I am very pleased and I still consider this one of the finest titles in the bill and one which will do the most for small towns and depressed areas in every part of the country, but particularly in the South and West.

One other change was made in the community facility provision. While the conference report retains the full \$500 million which the House authorized for this program, a maximum of \$50 million would be made available for the new mass transit program. As everyone recognizes, the problem of commuting from suburb to city is extremely serious. It threatens to strangle our cities and block the growth of our suburbs. In many places it is becoming increasingly difficult to build and sell new homes out in the suburbs because of the problem of getting to and from work. This is a problem which the Congress has wrestled with before. Last year the Senate passed a bill aimed at this need but it was never acted on in the House. This year the Senate included a similar provision in the housing bill. Just yesterday a hearing was held by the subcommittee of the Banking Committee, chaired by the gentleman from New York [Mr. MULTER] and the witnesses he heard unanimously urged in the strongest terms that an immediate emergency start be made on this problem.

Frankly the conference was stymied on this point. A clear majority of the Senate conferees were unalterably wedded to the proposal. On our side, as you may remember from the debate last week on the housing bill, the problem was complicated because we had not had hearings this year though we did have them last year. This problem was solved when the gentleman from New York [Mr.

MULTER] reported to the conference that it was clear from his hearings that we should not delay and that with a number of restrictive amendments, including reductions in dollar amounts, we should accept a part of the Senate provisions. This was the very action which was being urged on us by the Kennedy administration. In a word, the administration position is that we must not delay in undertaking emergency action to meet this critical problem in order to allow us time to study its long-range aspects. I am also informed that every single proposal in the field of mass transit has included provisions just like those now in the conference report, so that there is no likelihood that these will in any way conflict with longer range proposals.

Mr. Speaker, there is one point on which the House conferees receded completely. That was the provision in the House bill authorizing a new program of FHA mortgage insurance for land acquisition and development. Personally I felt that this was a very good provision. It was aimed at the serious problem of spiraling land costs. Land costs have risen more rapidly than any other single item in the price of a new home. The effect has been to severely limit the construction of lower cost homes. This provision was never intended to completely solve that problem; it was only intended to help overcome the financial difficulties which face the builder who starts out on a new project. I realize that the proposal was fraught with some danger and, because of this, we carefully wrote in provisions to avoid speculation under this program. However, the administration urged us to hold off on this section until they had time to study it and come up with their own proposal. I have every confidence that for once this does not mean simply an effort to kill an idea by interminable delay. I am convinced that the new administration will sincerely study the idea and will come up with the best possible proposal.

There were several other points where the House conferees were obliged to accept compromises. One of these was in the new program proposed by the administration for demonstration grants to find new ways to house our lower income population. This is a purpose for which I have the greatest sympathy; it is exactly what our subcommittee has been trying to do for years. To be perfectly frank, the reason I objected to the administration proposal was because it would have been administered by the Public Housing Administration and, while I have the highest regard for the dedication and sincerity of the loyal and devoted people who operate that program, I did not feel that the PHA was the appropriate agency to explore the vast range of ideas on ways of providing good low-cost housing. It was because of this concern that the provision was stricken from the House bill before it reached the floor. However, I found later, somewhat to my surprise, that this proposal had strong support from the National Association of Home Builders. Obviously, this is not simply the idea of some impractical long-haired thinker. This is not a proposal to find new ways

of getting more public housing. Quite the contrary, this is a proposal to find better ways to do what we are doing now and to explore methods which will enable private enterprise to make its maximum contribution. It is my hope that this provision will give us the opportunity to test some of the proposals made by Joe McMurray, who is now Chairman of the Federal Home Loan Bank Board, in his special report to the NAHB last year. In accepting this provision we transferred responsibility for it from the PHA to the HHFA. Also, instead of the \$10 million in the Senate bill, the conference report would limit the amount which the Administrator could contract for to \$5 million.

Mr. Speaker, I would like to discuss another section in the conference report which represents a compromise. That is the section authorizing partial Federal grants for the acquisition of open space land to be held permanently for parks and playgrounds. Unfortunately, this rather modest proposal was made the subject of ridicule by the opponents of the bill. I cannot understand their opposition to providing the parks and playgrounds in which our children can play. Actually this is a relatively minor part of the bill and now accounts for one 1 percent of the total dollar amount involved.

I might say that the Senate conferees seemed very sympathetic to the purpose of this provision. Once more, we agreed to a compromise. In place of the \$100 million contained in the House bill, the conference report limits the amount of these grants which the housing agency can contract for to \$50 million.

Mr. Speaker, I believe this covers all of the major points on which the House conferees were obliged to make any significant change. Of course, there are a number of detailed items which are spelled out in the printed statement of managers for those who wish to check them. Now that I have explained to the House the significant compromises, I would like to point out some of the major points which were retained exactly as the House approved them. And I do this with a good deal of pride as evidence of the firmness by which we stood by the House bill.

First, the conference report contains the same \$2 billion for urban renewal grants approved by the House, even though the Senate bill contained the administration recommendation of \$2.5 billion. Certainly I support this program as strongly as any Member of the Congress. However, as my colleagues know, we reduced the amount from the administration request because I felt, as did others, that there were other equally pressing needs. In particular I felt that some of these funds which go mostly to the big cities under the urban renewal program should be transferred to the community facilities program which helps our smaller towns. The conference committee supported that judgment on both points.

Another significant amendment in the House bill, which was retained without change in the conference report, is the authority for the Federal National

Mortgage Association to make short-term loans on the security of pledged FHA-VA mortgages. This new authority fills a vital need in our housing programs. Its sole purpose is to help homebuilders maintain high level operations. The problem has often arisen where a homebuilder has sold a number of homes and taken back FHA or VA mortgages which he intends to dispose of to insurance companies, savings banks, or other permanent mortgage investors. However, there are times when money is tight when he cannot do this without suffering a ruinous discount. Because of this he is forced to hold onto the mortgages and as long as he does, his working capital is tied up and this limits him in his homebuilding operation. The ones who really suffer from this problem are not so much the homebuilders themselves but his workers who are thereby denied jobs, and the workers in the lumber mills and factories who supply the materials for new homes for which the market is reduced because of this temporary financing problem. It is to meet this need that the provision was included in the bill.

Another FNMA provision will also help us to boost homebuilding, particularly in the South and West. The Senate conferees concurred in the wisdom of the House provision in permitting FNMA to use certain of its own funds for additional mortgage purchases. This includes both the freedom to use the remaining balance of special assistance authority left over from the 1958 act and the permission to use repayments on its portfolio of pre-1954 purchases. These are simply internal bookkeeping actions in FNMA and involve only funds which the Congress originally intended for housing and which should be kept in the housing field.

Another title of the House bill which was accepted by the conference intact is that dealing with our farm housing program. This outstanding program has enabled thousands of farm families to improve their housing conditions, and let me say that no part of our country has any greater housing problem than our rural areas. In recognition of this fact, the Senate conferees receded to our entire title and it is included in the conference substitute.

Finally, the three provisions in the House bill designed to help savings and loan associations finance housing for the elderly and urban renewal activities and to facilitate trade-in financing, were also accepted by the Senate conferees. On our part, we accepted a very fine Senate provision which would enable savings and loan associations to participate to a modest extent in State business development corporations. Taken altogether, these provisions will enable our fast-growing savings and loan associations to make a greater contribution to housing and economic growth.

Mr. Speaker, this covers the main points in the conference report and the major changes made in conference. In my judgment, these changes are almost entirely to the good and the conference report is an even better bill than that originally passed by the House. It will

provide both direct and indirect benefits in every last congressional district in our Nation. It will be of immeasurable benefit to the entire country both in improving housing conditions and in helping to combat unemployment. I deeply hope that this conference report will be passed by the House this afternoon by an overwhelming vote, and I urge all of my colleagues to vote for it.

Mr. KILBURN. Mr. Speaker, 2 or 3 days ago we voted here to raise the debt limit, and in that debate the big spending bills were pointed out. This is one of them. The whole country was thrilled with the President's inaugural address when he said:

Don't think what the country can do for you; think what you can do for your country.

Now the administration and the majority party has reversed that. The cry now is, "What can the country do for you?" So, they send people out to the country to find every pressure group, every segment as to where we can spend money. This bill is the answer. It is the biggest spending bill, the worst bill that I have ever seen, and the budget takes another crack on the chin.

(Mr. CAHILL asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. CAHILL. Mr. Speaker, I am pleased to observe that the conference report on the housing bill contains the provision for aid to mass transportation in almost the identical form as was suggested by my amendment presented to the House last Thursday. This amendment which I urged upon the House in order to conform the House bill with the bill passed by the other body, provides a start in a program which is vital for every town and city in this Nation.

While I recognize the funds allocated are inadequate to provide the much needed help that has been indicated by many of the cities of this Nation, it will, I believe, provide sufficient funds for a study program and is, therefore, a step in the right direction.

It is unnecessary for me to call to the attention of the House the need for this program. Every Member could cite examples in his or her own district evidencing this great need. In my own district, the Pennsylvania-Reading Seashore Line, an affiliate of the Pennsylvania Railroad, has pending before the ICC an application to discontinue all passenger service in the south Jersey area. If this application is granted, and I sincerely hope it is not, it would mean additional thousands of motor cars on our already overcrowded highways.

Railroads throughout the country are doing the same thing. If we do not produce some method of quickly and cheaply transporting masses of people, we are going to find the commerce of our Nation strangled.

I need not point out to the House the dire consequences that could result in time of national emergency.

While there are certain features of this housing bill which I do not like, I am supporting it and supporting the conference report because there are features such as the aid to mass transportation which I do like.

It is my sincere hope that the Administrator charged with the responsibility under this bill will exercise the best possible judgment in utilizing the funds allocated in a manner that will bring the best and most immediate results.

I am pleased therefore that while my amendment proposing aid to mass transportation was not adopted by the House last week, it is incorporated in the housing bill as it is presented to the House today.

Mr. RAINS. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. McDONOUGH].

(Mr. McDONOUGH asked and was given permission to revise and extend his remarks.)

Mr. McDONOUGH. Mr. Speaker, a few moments ago the Senate voted on a motion by Senator BUSH of Connecticut to recommit the conference report back to the committee of conference, and it lost by only five votes.

The other day when we had this bill before us a substitute bill was offered to provide for an extension of essential programs for housing for 1 year. It lost by only 18 votes. We have since been to conference, and this conference report comes to you without the signature of a single Republican Member for the reason that we could not agree with the proposals that were made which we had to consider, nor could we agree with the proposals to adjust the differences between the Senate and the House. There is a difference of opinion between the chairman of the subcommittee on housing, the gentleman from Alabama [Mr. RAINS] and myself, concerning the total obligation. The conference report total obligation, if all of the 100,000 public housing units are implemented and the annual contributions are provided for them, will amount to \$5,853 million.

The request of the administration before the committee began amending the bill to expand the various sections of the bill was \$4,247 million.

The administration asked for \$750 million for FNMA special relief or the purchase of mortgages in special cases. The conference report provides \$1.51 billion.

For college housing there was \$1 billion in the administration request, and the conference report before you calls for \$1.2 billion.

For public facilities loans there is \$50 million. The conference report provides \$450 million for mass transportation which was not in the House bill at all, and which is on an experimental basis and which is a foot in the door for billions and billions of additional dollars for mass transportation in the city areas. There is \$50 million for loans and \$25 million for grants in the conference report.

There were 100,000 public housing units, in the conference report. The total that the administration asked for is \$4,247 million against obligations of \$5,853 million.

We increased the national debt some \$5 billion the other day to a total of \$298 billion.

We are on the brink of war over the Berlin crisis. We are obligating our-

selves to welfare programs here for housing for which there is no demand. The low-cost, low-income housing, for which there is no assurance of financing. We are guaranteeing if these mortgages are in default they can be paid off in cash.

We are entering into two new areas of experiment in the welfare of the Nation, the mass transportation program and the open space program. The open space program, is a reversal of the policy that this Nation has followed for years to turn public land back to the use of private interests. But here we are buying with Federal money land from private interests and turning it over to public use.

There is no assurance that any of the open space land in this bill will ever be useful for the reason that it will be so far removed from the people who may want to use it.

I can see where we are obligating ourselves beyond our requirements for housing and because of the present circumstances that this Nation is in, internationally and domestically, I recommend a "no" vote on the conference report.

Mr. RAINS. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey [Mr. WIDNALL].

Mr. WIDNALL. Mr. Speaker, we of the minority came back from this conference a very discouraged group. The steamroller certainly operated and flattened us, and flattened us in a way that I think has been almost unprecedented. When you were told that the money in the House bill was reduced, and reduced by at least \$45 million, that is true, but the entering wedge in new programs that have been put into this bill in conference that were not in the House bill will lead to spending in the billions on those programs that were not considered by the House.

I have read history and I remember from way back in college days and later reading of the fall of a great empire, a great empire that dominated the entire world. That empire fell because the people lost their guts, they lost their initiative, they lost their incentive, they were dedicated to a life of ease and the worship of material gains.

I think that is what we are doing in this bill. I think we are softening up the American people to a point where it is almost ridiculous.

If there was such a need for all of these programs, such an urgent and vital need, I simply fail to understand why even now, up to this date, I have yet to receive a communication of any kind either for or against this bill.

This is a bill that involves over \$9 billions. Oh, yes, it is labeled a \$4.9 billion bill by the majority, but that fails to take into account any of the Government subsidy on public housing. It fails to take into account the \$800 million that was added by the House, for the Federal National Mortgage Association, and that is money that has to be borrowed by the Government. It is not there at the present time. It is a budgetary item. It is something that authorized today does not show fiscal responsibility on our part.

Oh, yes, the 40-year mortgage plan as it was in the Senate bill and the 35-year mortgage plan as it was in our bill was compromised so that we have a 35-year mortgage plus 5 years in hardship cases. Who is to decide what is a hardship case? Will there be a director who will analyze it in every case and decide what a hardship case is? Are we going to get this mortgage through the blessing of an administrator, or will the applicant get the mortgage because he is in actual need? I prophesy, as do many others, that with this 35-plus-5 program, which is begging the issue on a 40-year mortgage, this will mark the beginning of a new direct lending program by the Federal Government that will run into hundreds of millions of dollars.

In this bill you have the beginning of an open-space program, a mass-transportation program, public facility loans of \$500 million, with \$50 million of that earmarked for the mass transportation program. That is just a drop in the bucket to what will be spent. You will recall, in the debate before the House it was stated in the report that was read by the Members of the House that new Federal employees are going to be hired to go throughout the length and breadth of America to sell these programs to the municipalities, to tell them how to come to Washington and get all this money and how they could use it.

Seven billion dollars in community facility loans are floated each year through the private enterprise system and a majority of these loans are for small municipalities. This will mark the end of the private enterprise system as far as the public facility loans are concerned. All will look to Washington for a subsidized loan.

Will the President measure up to his own fine words uttered to the Congress in our recent emergency joint session when he spoke of the vital need for new billions in space and defense programs? As I recall he said to the Congress:

Refrain from enlarging programs, no matter how desirable they appear to be.

This conference report on the housing bill includes \$1,250 million more than requested by him from the Congress. Acceptance of this increase would nullify his own request and stamp approval on reckless spending programs.

I urge defeat of the conference report.

Mr. RAINS. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. DERWINSKI].

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Speaker, if I may have the attention of the gentleman from Alabama [Mr. RAINS], I would like to direct a couple of questions to him. Do I understand correctly that the \$50 million in the mass-transportation section of the bill can be provided only for public facilities and, therefore, for publicly owned public transportation systems?

Mr. RAINS. Only public bodies or agencies are eligible to borrow under the new program. They can, of course, use the loans to buy new equipment, and

make this available, under appropriate agreements to mass-transit operators either public or private.

Mr. DERWINSKI. One more question, if the gentleman will permit me.

Mr. RAINS. Will the gentleman allow me to ask him a question?

Being from Chicago, are you for mass transportation or not?

Mr. DERWINSKI. I am glad the gentleman raised the question because one of the problems we have in Chicago is the near collapse of our publicly owned mass transportation system. Whenever we subsidize a municipally owned mass transportation system, we encourage lax operation, and when we take this program adding to the subsidies of publicly owned transportation systems, whether they be subsidized by the city or the State, we find that it further encourages lax administration and those communities that are being served by privately owned transportation systems, that are providing service to their people, are being discriminated against. That is the reason why, in principle, I am opposed to the mass transportation provision.

Mr. RAINS. The gentleman was about to ask me a question?

Mr. DERWINSKI. The other question is in regard to the open space provision. I understand from the gentleman's explanation that the funds are to be provided only in conjunction with urban renewal projects.

Mr. RAINS. Not necessarily. This provision is intended to help towns and cities to acquire land for parks and playgrounds anywhere in the urban area.

Mr. DERWINSKI. I thank the gentleman.

Mr. Speaker, I would like to make this point. First of all, it is not so that in voting against the conference report, we are eliminating the possibility of a housing bill. We all know if we turn down this conference report, another bill could be whipped out of the Committee on Banking and Currency tomorrow. So a vote against the conference report is a vote instructing the House to develop a good, sound, housing program. This is not an up or down issue, so let us not be misled by any charges that by voting against this housing bill at this point, we are defeating it forever.

Mr. Speaker, the other point I would like to make is this. The longer loan period you set up for a mortgagor and the less down payment you require, the more you are creating the forces in which you actually work against the best interests of the people whom you are supposedly trying to help. For this reason, that a great majority of the funds at the present that are used in the housing field for home purchasing by your constituents and mine come from repayments of existing mortgages, the unnaturally long downpayment provision dries up this return of funds.

Therefore, the longer the term the smaller the payment, the smaller becomes the usual revolving fund, the fewer funds available for mortgages to individual homeowners, and the next thing you know you have a problem of lack of funds for the housing industry which would permanently impede it. The longer the payment period becomes,

the slower the supply of funds becomes, and building and homeownership is stifled.

May I also point out again that in debate on this bill emphasis was placed on projects for the big city, the small city, the rural areas. The same distorted arguments are heard today.

Also I would like to point out that during the debate many Members took the floor in support of the open space provision, to create wonderful green belts in major cities, create wonderful parklands in suburban areas. Fifty million dollars could not begin to meet the demand for this, the newest of unnecessary handouts. The land would prove to be costly, added competition with Government funds will be disastrous, and with the diminishing supply of land available you will drive up the price and drive up the immediate cost of construction and put more difficulty in the way of developing homeownership. Local communities and counties are requiring land for recreational use. This program is another unnecessary, costly feature of this excessive housing bill.

Again, the bill works against the very purpose it is intended to achieve. I must emphasize that the minority wants a housing bill. We will help you to get a substantial housing bill. We are willing to work within the framework of fiscal responsibility, but we certainly do not believe in this monstrosity both in dollars and in the administrative difficulties it will cause. For the sake of the President, for the sake of your party reputation, for the sake of the public, the taxpayer, I urge you to defeat this conference report, and work with us to write a responsible housing bill.

Mr. RAINS. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from California [Mr. Hiestand].

(Mr. Hiestand asked and was given permission to revise and extend his remarks.)

Mr. Hiestand. Mr. Speaker, the gentleman from Alabama has presented a very convincing case. It would be convincing to a lot of us had we not heard also his eloquence many times before. He is a very eloquent and effective speaker.

From two incredibly bad housing bills the House and Senate conferees have produced a substitute embodying most of the worst features in each bill. There were 82 points of difference between the House and the Senate bills. There were 82 opportunities to improve the substitute bill. They were not accepted.

Mr. Speaker, when this bill cleared the House it was high-pressured through, high-pressured under a mandate that it must clear and it must clear quickly. I wondered at the time why, because I had sent for the 1960 census figures on housing to find out if we did have a shortage or a surplus, and so forth; and I got the promise of a hand-delivered report. The report arrived the day after the housing bill was passed. The report does not show an emergency; it does not show a housing shortage.

You say you are for housing, yet this is the largest, most terrific, worst bill

that we have ever been offered. It was a shock to a great many people out through the country. We got, as was freely agreed, very little discussion from the grassroots for or against, and it was a surprising thing that such a monstrosity could come up without exciting a lot of objection one way or the other.

Now, however, the mail is coming in and we each have mail wondering how it happened that we passed this housing monstrosity with so little fanfare.

Mr. Speaker, there is in this bill the 40-year loan privilege. It is there by reason of the Commissioner's authority to extend the 35 years. That can be done by regulation, and it can be universally applied.

There are 100,000 new units of public housing in this bill. Do not forget that for a minute.

There is another whole public housing scheme, a scheme whereby public bodies can borrow money at less than the market and create new public housing for middle-income groups.

The other day we were talking about raising the debt limit, and the argument which caused a great many Members to vote in favor of it was that we had already spent the money. Hindsight, of course, is better than foresight.

Mr. Speaker, we have a chance to use a little foresight here. This is a tremendous bill.

If this is voted down, there will be a housing bill and it will be offered within a matter of days. It will have all of the essentials so that we do not have to worry about our not having a housing bill. It will be the right type of bill. It will at least keep some pressure off the budget. For instance, in reference to public facility loans, the President asked for only \$50 million. The conference report has \$450 million.

After all, Mr. Speaker, I ask you, why do we up the requested need as we did in this and a number of other cases? Here is a chance to redeem ourselves for having passed a very, very bad bill. And we can do it by killing this conference report which is much above and much worse than the House bill we passed. We can by voting "No", kill a bad bill and within a matter of days have an essentially good bill.

Mr. Speaker, I urge a vote of no on this conference report. The substitute abandons all fiscal responsibility, it far exceeds the administration request. I urge a vote of no because this is the worst housing bill I have ever known this House to face, and the conference report is even worse than that.

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, I rise in support of the conference report on the Housing Act of 1961. In the conference report there is the beginning of a Federal program of aid for mass transportation. We who are members of the subcommittee which heard testimony on this legislation know that this bill contains no more than a mere beginning of a program. Fortunately, this is recognized and the administration has directed a study of the long-range solution to the problem with recommendations to be made to the Congress early next year.

One possible method of Federal assistance for mass transportation which should be considered is a Federal-local matching guaranty program. On March 21, 1961, I introduced H.R. 5761 incorporating such a program as title II of the Williams bill (S. 345) and on April 24, 1961, H.R. 6588 which is solely a matching guaranty program. At the organizational meeting of the Institute for Rapid Transit on June 7, 1961, in Philadelphia, I recommended such a program. Mr. Speaker, under unanimous consent, I include my remarks on that occasion in the RECORD:

A FEDERAL MATCHING GUARANTEE PROGRAM FOR MASS TRANSPORTATION

(Remarks of Hon. William S. Moorhead)

The basic question which your institute faces can be stated simply—Shall we continue to have cities in the United States of America? Without rapid transit, cities, as we know them, simply cannot grow and flourish. It may be that the future of America lies in a total dispersion of people into small towns across the country. If that is the future, then, instead of talking about rapid transit we should be making plans for the orderly decline of our cities.

However, I do believe that this idea is not only shocking, but unrealistic. I believe that our cities must continue to serve their function of being the economic and cultural centers of our Nation. Throughout history cities have served this function. Civilizations are almost always city based. From Babylon, Athens, and Rome of the ancient world to Venice and Florence of the Renaissance to Paris, London, and New York of the modern world, cities have been the focus of civilizations. The reasons are obvious. It takes a large concentration of people to support art galleries, symphony orchestras, the opera, and the theater. There are economic reasons, too. In our complex economy a particular business transaction may well require the bringing together of businessmen, bankers, investment bankers, lawyers, accountants, engineers, and persons of other specialties. Only in a city can such a group be readily and conveniently brought together. America needs and will continue to need its great cities.

Yet, despite this need, our cities are declining. My city of Pittsburgh is a perfect case history of the reasons why cities decline. After the devastating flood of 1936, Pittsburgh was a dying city. The advent of World War II concealed this fact from most people. A few farsighted public and private leaders recognized the problem and took action.

Flood control was first because upon it depended the very existence of the city. Smoke control was next because, without it, few people would choose to live and work in the city. Our third problem was urban blight and slums. Through the process of urban renewal we have the means of solving this problem. We have now come face to face with our fourth major problem—traffic strangulation. The city which we have saved from drowning by floods, made livable through smoke control, and attractive and economically sound through urban renewal may yet strangle to death because of traffic congestion. Pittsburgh like most of our large cities grew in the late 19th and early 20th centuries in the period affectionately referred to as the "horse and buggy" days. A half century ago when Pittsburgh was growing, the automobile was "little more than a gleam in the eyes of a small group of automotive inventors and entrepreneurs. Today, the gleam has become the glaring headlights of more than 68 million registered motor vehicles. By 1975, it is estimated that there will be more than 100

million cars cruising—and, alas, stuck in traffic—on the highways and byways of the Nation.”¹

What progress has been made in our cities since the “horse and buggy” days? In April of this year, the New York Times reported that, because of traffic congestion, during most of the day, it takes a motorist behind a 300-horsepower engine longer to cross Manhattan Island in midtown than it took a horse and wagon a hundred years ago. Mr. James Gaynor, New York State housing commissioner, recently said: “The trip from the Newark Airport to the center of Manhattan, a distance of 13.5 miles, can be made by public transportation at the rush hour in 1 hour and 30 minutes. * * * A hundred years ago a horse and buggy could travel the same distance in 1 hour and 17 minutes, or just a little faster. So much for progress.”

I think that people are beginning to become aware of the problem and to agree that something must be done about it. There is not much agreement as to what the solution should be. There is not even agreement as to whether the Federal Government should participate in the solution of the problem. Mr. Louis E. Keefer, study director of the Pittsburgh area transportation study, has submitted to me a memorandum in which it is said: “What appears to be needed is more investigation of what makes people ride or not ride transit, means of encouraging transit usage, study of physical improvements to transit vehicles and networks, evaluation of dollar costs and benefits and intangibles between auto and transit. Maybe no means of transit can compete with the auto. Planners who shudder at the number of cars may just have to learn to live with it. Maybe the proportion of street area to total land in Los Angeles is the proper proportion for the last half of the 20th century in the U.S.A. If it isn't, encouragement of transit by deficit financing may not be the best, most economical, or most practical answer.”

What can the Institute for Rapid Transit do to help solve these problems?

You are the experts in moving people into and out of cities. You know better than anyone else the job that needs to be done.

Knowing this, you are in a position to decide for yourselves as to whether there is a need for the Federal Government to assist in the solution of the problems.

If you decide that there is a function for the Federal Government in the field of rapid transit, then you should become familiar with the thinking of the people in Washington who are concerned about the problem. In this way you are in a position to influence the decisions that will be made.

Some of you may be shocked by the word “influence.” Let me assure you that I mean “influence” only in the best and most honorable way. You have information and expert knowledge in the field of rapid transit. If you make that information and knowledge available to interested Members of Congress and to interested officials in the administration you will be rendering a service to your country. You will have helped the Congress and the Executive to make better and sounder decisions.

At this, your organizational meeting, you have invited a Congressman who is interested in the problem of rapid transit.

I would like to share with you my thinking and my understanding of other's thinking in this field.

The first question I or another Congressman must face is: Should the Federal Government participate in helping to solve the problem?

Because of the Federal highway program, it seems to me that the Federal Government

has a very legitimate dollars-and-cents interest in mass transportation. Without mass transportation it is obvious that our very expensive highway program must be increased many, many times. What are the comparative costs of highways and mass transit? It is generally agreed that one lane of rapid transit can carry as many people in one direction as 21 lanes of expressways. In Atlanta, Ga., it was estimated that a mile of rapid transit could be built at a cost of \$3.5 million per mile, whereas the cost of expressways with approximately the same capacity for moving people would cost about \$42 million per mile. In other words, expressways cost 12 times as much as rapid transit. In February of this year, the Christian Science Monitor reported that it costs each taxpayer from 9 to 17 times as much to pay for auto expressways to move people in and out of town as it does to pay for a fine rapid transit system to move the same number of people.

Added to this staggering expense is the tremendous loss to the cities which results when taxable land is eaten up by expressways and downtown garages. Sixty-eight percent of the downtown Los Angeles land area is already consumed for street and parking use. The mayor of Cleveland has said that a 3½-mile freeway which cost \$75 million took \$30 million worth of property off the city tax rolls. Because mass transit does not require large land area, the potential saving to the Federal and local taxpayer from encouraging mass transit is tremendous.

I think it is fair, therefore, to say that the Federal Government does properly have a role in helping to solve these problems. But what should this role be?

I think that nearly everybody is agreed that the Federal Government can participate in planning grants and pilot projects. The real dispute begins over whether and how the Federal Government can assist in the big job of financing mass transportation.

All of you are, of course, familiar with S. 345, introduced by Senator HARRISON A. WILLIAMS, JR., of New Jersey, which was reported by the Senate Banking and Currency Committee as part of the housing bill of 1961. The Williams bill proposed a direct Federal loan program of \$250 million. It is my opinion that this type of program, standing alone, can never do the job. Two hundred fifty million dollars is a lot of money, but not when it is compared to the staggering amounts needed for adequate mass transportation in the United States. The estimated cost of the proposed Los Angeles project is \$529 million. The estimated cost of the more expensive San Francisco Bay area proposal is over \$1 billion. When you consider the fact that the Bureau of the Census now recognizes some 216 metropolitan areas in our country and that the cost in one area alone is \$1 billion, it becomes clear that \$250 million provided in S. 345 is totally inadequate. Furthermore, I believe that it will be politically impossible to get through Congress a direct loan program of sufficient size to do the job.

I have been talking with officials in the administration who are interested in the field of mass transportation. There is some sentiment toward a program of grants. I have given that suggestion some thought, and frankly, I do not see any reasonable method of developing a grant program. For example, take Los Angeles and San Francisco. The Los Angeles proposal costs one-half that of San Francisco. Should a Federal grant program give twice as much to San Francisco, which has fewer people, as it gives to Los Angeles? Should this be attempted, I am sure that there would be political howling on Capitol Hill. I hope that you gentlemen have some suggestions which you can give me for a workable grant program. Until such a program is developed and even afterwards, I believe that we shall have to

look to other devices to finance mass transportation.

While all of you are familiar with S. 345, you may not be familiar with legislation which I have introduced in this field. I have proposed a Federal matching loan guarantee program. How would this program work? I proposed that the Federal Government should join with local governing bodies in a guarantee program under which the Federal Government would agree to pay an amount sufficient to cover one-half of the cost of servicing the debt of local transit authorities and that the local government or governments agree to pay the other one-half of the debt service cost.

How would my legislation work in practice? Let us assume that the Port Authority of Allegheny County determined to issue bonds to acquire all the mass transportation facilities needed to serve the Greater Pittsburgh area. The local governments involved—that is the city of Pittsburgh, Allegheny County, and other communities involved—would enter into a cooperative agreement guaranteeing the payment of one-half of the principal and interest of the bonds of the Port Authority of Allegheny County. The Housing and Home Finance Administration would similarly agree to pay one-half of the debt service cost. Such bonds backed by such guarantees should be attractive to investors and presumably would sell at rather low interest rates, thus making it possible, in most instances, for the local transit authorities to service the debt from operating revenues without making a call on the local and Federal Government under the guarantee contract. The operators of the local transit system, who would be appointed by the local governments, would be under considerable pressure to operate the system efficiently and keep fares high enough because the alternative would mean raising funds from local taxpayers.

Let us suppose, however, that in a given year the debt service cost of a local transit authority was \$100,000, and the net revenue for that year was only \$60,000. If there were no accumulated funds from previous years, the transit authorities would call upon the local governments for a contribution of \$20,000 and on the Federal Government for a contribution of \$20,000.

The virtue of this system would be that the interests of the Federal Government would be protected by the interests of the local taxpayers. This proposal would be in accordance with the recommendations of Mr. James M. Landis to the President in which he called for:

“The achievement of a program for the amelioration of interurban public transportation, including the establishment of metropolitan transit commissions with Federal aid in the form of matching guaranteed loans for the acquisition and improvement of facilities and equipment under sound engineering, operating, and financing plans.”

The idea of local government guarantees of transit authority obligations is not new. On March 21, the New York City Transit Authority announced that it would like to borrow \$200 million to buy 1,800 subway cars. This amounts to less than one-third of the subway cars operating in New York City alone and yet the amount of money involved is four-fifths of the total amount provided for direct loans in S. 345. It was proposed that the New York City Transit Authority bonds would be guaranteed by the city of New York so as to make these bonds marketable. Under my bill the New York City Transit Authority could ask the Federal Government to join with the city of New York in guaranteeing these bonds on a matching basis. This would make bonds even more attractive to investors and would presumably mean a lower interest rate.

¹ Metropolis; Ford Foundation, September 1959.

The idea of a matching guarantee program is, in my opinion, politically marketable. The amount which the Federal Government could be called upon to contribute in any 1 year would not have to be large to do the job. Furthermore, it could be pointed out that it is not contemplated that Federal Government would be required to pay anything.

On the other hand, the program would have the necessary flexibility. If a particular community wanted to encourage the use of mass transportation facilities by reducing fares, thus reducing the cost of highway construction, it could do so at the cost of absorbing up to one-half of the debt service cost and the Federal Government, which would be saving on the cost of the highway program, would contribute the other one-half.

It may very well be that the direct loan program should be combined with the Federal matching guarantee program. Smaller programs in smaller cities might better be financed under the direct loan program. Cities with private mass transportation companies would probably be better off under the direct loan program. However, for the large metropolitan areas with public transportation systems, I believe that some form of a Federal matching guarantee program is the best, if not the only, solution.

Mr. ADDONIZIO. Mr. Speaker, I commend the Members of the conference committee on the excellent housing measure that is now before the House. This legislation will enable us to attack the full range of our problems in housing and urban affairs. As a sponsor of the "Urban Mass Transportation Act of 1961," I am particularly gratified at the conferees' agreement on the Mass Transportation program which will permit us to make a start on this urgent problem. This is recognition of the fact that the Federal Government has a definite responsibility to assist in solving the transportation problems now facing our metropolitan areas.

Continued growth of our economy depends upon adequate transportation in our centers of population, which are also centers of production, accounting for 65 percent to 70 percent of the total national income. Adequate transportation is the most important single factor in determining the nature of the future urban regions.

The problems of transportation in the metropolitan areas, like the housing and health, redevelopment and renewal, and others of similar nature, have become national problems and our only hope for a workable solution to the threatened strangulation of our most populous areas is by cooperation of the Federal Government and coordination of all efforts to that end.

Though the conference has provided only a small beginning in the discharge of the Federal obligation, I am confident this will lead to the enactment of adequate permanent legislation in the future. In this connection, I was pleased to receive an endorsement of the Urban Mass Transportation Act from the Municipal Council of the City of Newark, N.J. The resolution, adopted at the council's regular meeting on June 21, reads as follows:

RESOLUTION ENDORSING SENATE 345 SPONSORED BY THE SENATOR FROM NEW JERSEY, THE HONORABLE HARRISON A. WILLIAMS, JR.

Whereas Hon. HARRISON A. WILLIAMS, JR., U.S. Senator representing the sovereign State

of New Jersey has sponsored bill, S. 345; and Whereas the bill would authorize the Administrator of the Housing and Home Finance Agency to assist State and local governments and their public instrumentalities in planning and providing for necessary community facilities to preserve and improve essential mass transportation services in urban and metropolitan areas; and

Whereas the need for such legislation is great and necessary: Now, therefore, be it

Resolved, That the Municipal Council of the City of Newark, N.J., herewith desires to go on record as strongly endorsing this bill; and be it further

Resolved, That copies of this resolution be sent forthwith to the members of the Banking and Currency Committees of the U.S. Senate and the U.S. House of Representatives, and to the individual Members of the Congress representing the State of New Jersey.

Mr. DANIELS. Mr. Speaker, I wish to express my complete support for the final report which has just been filed by the conferees on the housing bill.

I have already indicated my support for the measure which passed the House, which in my view was perhaps the most adequate and realistic housing measure which we have ever approved. I want to add at this time my extreme gratification at the action of the conferees in including a mass transportation program in the final bill.

This program is a major victory for our hard-pressed cities. Although it does not pretend to offer a complete solution, it authorizes only \$75 million—it nevertheless is an important step in the right direction. This is the first time the Federal Government has recognized that it has a stake in the solution of the transportation difficulties which beset our cities. What must be realized is that the very future of our urban areas depends on a reasonable solution to this problem.

As a Congressman from northern New Jersey, I am well aware of the hardships which outdated and inadequate transportation facilities can cause. This bill provides some hope to the beleaguered commuter, in that Washington at least sympathizes with his plight and is willing to put forth some financial assistance.

Mr. RAINS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered. The SPEAKER. The question is on the conference report.

Mr. McDONOUGH. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 229, nays 176, not voting 32, as follows:

[Roll No. 106]

YEAS—229

Addabbo	Bennett, Mich.	Cahill
Addonizio	Blatnik	Carey
Albert	Blich	Celler
Andrews	Boggs	Chelf
Anfuso	Boland	Clark
Ashley	Bolling	Coad
Aspinall	Bonner	Cohelan
Bailey	Boykin	Cook
Baring	Brademas	Cooley
Barrett	Brewster	Corbett
Barry	Brooks, Tex.	Corman
Bass, Tenn.	Burke, Ky.	Curtis, Mass.
Beckworth	Burke, Mass.	Daddario
Bennett, Fla.	Byrne, Pa.	Daniels

Davis, John W.	Karsten	Pucinski
Dawson	Karth	Rabaut
Delaney	Kastenmeier	Rains
Dent	Kearns	Randall
Denton	Kee	Reuss
Diggs	Kelly	Rhodes, Pa.
Dingell	Keogh	Riehlman
Donohue	Kilday	Rivers, Alaska
Dooley	King, Calif.	Rodino
Downing	King, Utah	Rogers, Colo.
Doyle	Kirwan	Rooney
Dulski	Kluczynski	Roosevelt
Dwyer	Kornegay	Rostenkowski
Edmondson	Kowalski	Roush
Elliott	Lane	Rutherford
Ellsworth	Lankford	Ryan
Everett	Lesinski	St. Germain
Evins	Lindsay	Santangelo
Fallon	Loser	Saund
Farbstein	McCormack	Saylor
Fascell	McDowell	Scranton
Feighan	McFall	Seely-Brown
Finnegan	Macdonald	Selden
Fino	Machrowicz	Shelley
Flood	Mack	Sheppard
Fountain	Madden	Shipley
Frazier	Magnuson	Sikes
Friedel	Marshall	Sisk
Fulton	Mathews	Slack
Gallagher	Marrow	Smith, Iowa
Garmatz	Miller, Clem.	Smith, Miss.
Gialmo	Miller,	Spence
Gilbert	George P.	Staggers
Granahan	Mills	Steed
Gray	Monagan	Stephens
Green, Pa.	Montoya	Stratton
Griffiths	Moore	Stubblefield
Hagan, Ga.	Moorehead,	Sullivan
Hagen, Calif.	Ohio	Taylor
Halpern	Moorhead, Pa.	Thomas
Hansen	Morgan	Thompson, La.
Harding	Morris	Thompson, N.J.
Hardy	Morrison	Thompson, Tex.
Harris	Moss	Thornberry
Harsha	Moulder	Toll
Hays	Multer	Trimble
Healey	Murphy	Udall
Hébert	Natcher	Ullman
Hechler	Nix	Vanik
Hemphill	Norblad	Van Zandt
Henderson	O'Brien, Ill.	Wallhauser
Holifield	O'Hara, Ill.	Watts
Holland	O'Hara, Mich.	Whalley
Holtzman	O'Konski	Whitener
Huddleston	Olsen	Wickersham
Ichord, Mo.	O'Neill	Willis
Ikard, Tex.	Patman	Wright
Jarman	Perkins	Yates
Jennings	Peterson	Young
Joelson	Pfost	Zablocki
Johnson, Calif.	Philbin	Zelenko
Johnson, Md.	Poage	
Johnson, Wis.	Powell	
Jones, Ala.	Price	

NAYS—176

Abbitt	Church	Hoeven
Abernethy	Clancy	Hoffman, Ill.
Adair	Collier	Hoffman, Mich.
Alexander	Conte	Horan
Alford	Cramer	Hull
Alger	Cunningham	Jensen
Andersen,	Curtin	Johansen
Minn.	Curtis, Mo.	Jonas
Anderson, Ill.	Dague	Jones, Mo.
Arends	Derounian	Judd
Ashbrook	Derwinski	Keith
Ashmore	Devine	Kilburn
Avery	Dole	Kilgore
Ayres	Dominick	King, N.Y.
Baldwin	Dorn	Kitchin
Bass, N.H.	Dowdy	Knox
Bates	Durno	Kunkel
Battin	Fenton	Laird
Becker	Findley	Langen
Beermann	Fisher	Latta
Bell	Ford	Lennon
Berry	Forrester	Lipscomb
Betts	Frelinghuysen	McCulloch
Bolton	Garland	McDonough
Bow	Gary	McIntire
Bray	Gathings	McMillan
Breeding	Glenn	McSween
Bromwell	Goodell	McVey
Broomfield	Goodling	MacGregor
Brown	Griffin	Mahon
Broyhill	Gross	Mailliard
Bruce	Gubser	Martin, Mass.
Burleson	Haley	Martin, Nebr.
Byrnes, Wis.	Hall	Mathias
Casey	Harrison, Va.	May
Cederberg	Harrison, Wyo.	Meador
Chamberlain	Harvey, Ind.	Michel
Chenoweth	Harvey, Mich.	Miller, N.Y.
Chiperfield	Hiestand	Milliken

Minshall	Riley	Smith, Va.
Moeller	Rivers, S.C.	Stafford
Morse	Robison	Taber
Mosher	Rogers, Fla.	Teague, Calif.
Murray	Rogers, Tex.	Teague, Tex.
Nelsen	Roudebush	Thomson, Wis.
Norrell	Roussetot	Tollefson
Nygaard	St. George	Tuck
Osmer	Schadeberg	Tupper
Ostertag	Schenck	Utt
Passman	Scherer	Weaver
Pelly	Schneebell	Weis
Pike	Schweiker	Westland
Pillion	Schwengel	Wharton
Pirnie	Scott	Whitten
Poff	Short	Widnall
Quie	Shriver	Williams
Ray	Sibal	Wilson, Ind.
Reece	Siler	Winstead
Rhodes, Ariz.	Smith, Calif.	Younger

NOT VOTING—32

Auchincloss	Fogarty	Mason
Baker	Gavin	O'Brien, N.Y.
Belcher	Grant	Pilcher
Brooks, La.	Green, Oreg.	Reifel
Buckley	Halleck	Roberts
Cannon	Herlong	Springer
Colmer	Hosmer	Van Pelt
Davis,	Inouye	Vinson
James C.	Kyl	Walter
Davis, Tenn.	Landrum	Wilson, Calif.
Flynt	Libonati	

So the conference report was agreed to.

The Clerk announced the following pairs.

On this vote:—

Mr. Buckley for, with Mr. Herlong against.
 Mr. Fogarty for, with Mr. Brooks of Louisiana against.
 Mr. Roberts for, with Mr. Colmer against.
 Mr. Inouye for, with Mr. James C. Davis against.
 Mr. Pilcher for, with Mr. Auchincloss against.
 Mr. O'Brien of New York for, with Mr. Halleck against.
 Mrs. Green of Oregon for, with Mr. Reifel against.
 Mr. Libonati for, with Mr. Kyl against.
 Mr. Davis of Tennessee for, with Mr. Hosmer against.
 Mr. Walter for, with Mr. Wilson of California against.

Until further notice:

Mr. Flynt with Mr. Springer.
 Mr. Grant with Mr. Van Pelt.
 Mr. Landrum with Mr. Gavin.
 Mr. Vinson with Mr. Belcher.
 Mr. Cannon with Mr. Baker.

Mr. DAGUE changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

CORRECTION OF BILL

Mr. RAINS. Mr. Speaker, I ask unanimous consent for the immediate consideration of Senate Concurrent Resolution 30.

The Clerk read the resolution as follows:

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate is authorized and directed, in the enrollment of the bill (S. 1922) to assist in the provision of housing for moderate and low-income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, to make the following correction:

In section 605(c) of the bill strike out "is approved" and insert in lieu thereof "is not approved".

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. RAINS. Mr. Speaker, Senate Concurrent Resolution 30 makes a purely technical amendment to the conference report, in order to supply a word which was inadvertently omitted in the preparation of the report and which is necessary in order to carry out the agreement of the conference.

In the compromise which was agreed upon by the conferees, the maturity of mortgages on new housing under FHA's regular residential home mortgage program was limited to 35 years, and the maturity of mortgages on existing housing under such program was limited to 30 years. By the inadvertent omission of the word "not" in the preparation of the conference report, these provisions would be reversed. The amendment made by Senate Concurrent Resolution 30 would simply insert the missing word so as to carry out the agreement of the conference.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

GENERAL LEAVE TO EXTEND ON HOUSING BILL CONFERENCE REPORT

Mr. RAINS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the housing bill conference report and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

ONE HUNDRED AND SEVENTY-FIFTH ANNIVERSARY OF U.S. CONSTITUTION

The SPEAKER. Under the previous order of the House the gentleman from Pennsylvania [Mr. BYRNE] is recognized for 10 minutes.

Mr. BYRNE of Pennsylvania. Mr. Speaker, under the provisions of Public Law 86-650, as amended by Public Law 86-788 and Public Law 87-32, there has been created the U.S. Constitution 175th Anniversary Commission, and as Chairman of that Commission I presented to the Congress, on yesterday, the report required by law.

Elaborate plans are being formulated for a most impressive celebration of this important anniversary, in which it is proposed that every citizen of our country will participate in some way.

One Nation under God—Forever. That is my prayer. I believe it should be the prayer of everyone proud to boast of American citizenship.

It would be presumptuous to try to tell you that the United States today—indeed in this very hour—faces grave, dangerous, and unfriendly forces. The facts are obvious, and while the potential enemy is alert and ready to strike, we, as a people, appear indifferent—un-

willing to admit the truth, oblivious to impending catastrophe, and overconfident that no enemy will dare attempt to destroy our complacency, shatter our tranquility, intrude upon our comforts, devastate our wealth, penetrate our inviolability. America must awaken.

Americans must shake off their lethargy and come alive, alert, and avowed to maintain not merely our liberties but determined to spread freedom and independence into every corner of the world where human beings yearn for liberty, equality, and a right to the pursuit of happiness.

The United States—this, our beloved land—our Nation, bequeathed to us by the brave men and women who lived through blood-red years of our Revolutionary War, is obligated to extend a helping hand to the victims of tyranny in far-off lands who wish and dream, and fight and cry—some to die—that the yoke of political enslavement be lifted from weary shoulders so they may see the dawn of a new life, a free life—that they might bequeath such priceless treasures to their children and their children's children.

It is a solemn duty that is imposed upon us, who live in freedom, that priceless gift of great price that is symbolized in the Constitution of these United States—that is, indeed, guaranteed to all citizens of our country by this basic law of the land, the Constitution and its Bill of Rights, together with 12 additional amendments, only one of which has since been repealed.

Why, it may be asked, should we pause in these troublesome days to celebrate the framing and the adoption of the Constitution?

The answer is because with the sole exception of the Mosaic laws, handed from on high, by Almighty God, it is the greatest set of basic laws ever fashioned for the guidance and the protection of mankind. Neither the Magna Carta, nor any other set of laws, written, or unwritten, can compare with our great charter, a charter fabricated of blood and sweat; yes, and of tears; which through the 175 years of its history has made this Nation great, strong, and prosperous, and given us citizens who, time after time, have proven to be brave, charitable, industrious, just, modest, unafraid, unselfish, vigorous, and virtuous—as freemen are meant to be.

That, Mr. Speaker, is why the birthday of the U.S. Constitution should and, in these parlous hours, must be celebrated.

Birthdays are fun to celebrate, but the purpose of this celebration is more than one of having fun. We are living in times of wars and threats of wars, both hot and cold. The security and the welfare of our beloved country is endangered.

Mr. Speaker, a little more than a year ago when I addressed the House on the occasion of calling up my original joint resolution under an order of suspension of the rules, I said:

It is my hope that this constitutional celebration would reach into every nook and corner of this vast country—into our homes,

our factories, our schools, and churches; into every business, civic, religious, social, and political group in the land; into the heart and mind of every citizen, of every man, woman and child; into every governmental agency—local, State, and National—that all may be induced to pay fitting homage to this charter of freedom.

In the ensuing months I have had no occasion to change my mind to the contrary.

While it is not my purpose to enter upon any extensive exhortation on behalf of this celebration, I do beg your indulgence long enough to explain, to some extent, how I envision the nature of a fitting tribute in honor of the Constitution.

The task of initiating and developing activities for a fitting observance might, for the sake of convenience, be broken down into at least seven—or perhaps nine categories—as follows: "Education," "Historical," "Administration," "Public Relations," "Publications," "Organized Groups," "Special Activities."

The "educational" activities should embrace schools and libraries; cooperation with national educational authorities such as the U.S. Office of Education, National Education Association, the Library of Congress; contacts with colleges, high schools, and grade schools, and school libraries, school administrators, State and territorial departments of education; county and State superintendents; school principals and teachers; superintendents of State training schools and Indian schools; State supervisors of adult education, special schools for the blind and the deaf; superintendents of private and parochial schools and all the institutions of higher learning; State education journals, parent-teacher organizations, organized youth educational groups such as the Boy Scouts and Girl Scouts, Junior Red Cross, 4-H Clubs; library institutions and agencies, both public and private; as well as the various bar associations.

The "historical" activities, including the service of an outstanding historian, would include the writing and editing of historical publications of the Commission and the assistance on historical subjects of other departments of the Commission. The work would entail research, documentations, addresses, editorial work, answering historical inquiries and contact with historical bodies, archives, historical and geneological societies.

In the "administration" department there would be a general office manager and the divisions of personnel, accounts, correspondence files, service, purchases, mailroom, mimeographing, and messenger service.

The "public relations" operation would serve primarily as an information service, the collection and dissemination of news and pictures relating to the framing and establishment of the Constitution. This will include service to newspapers, radio and television stations and press assistance to speakers, as well as help to motion picture producers and the newsreel agencies.

This division would service newspapers, magazines, information sheets, editorial contacts, syndicates, news services,

foreign language press, addressograph lists, the editing of office publications, information service, clipping bureau, radio and TV presentations—including the preparation of talks, arranging broadcasting schedules, setting up feature presentations, short talks on the Constitution, and motion picture newsreel publicity shots; selection, collection and distribution of pictures and art drawings for facsimiles, calendars, cards, menus and posters. Finally, it would make all contacts with organizations, cooperating agencies, writers, editors, publishers, editorial associations, advertising agencies, club, school, college and industrial publications.

"Publications" would prepare a report on the general plans of the Commission; a pamphlet on the plans for the celebrations throughout the country; direct the publishing of the main historical volumes containing the documentary history of the Constitution, the formation of the Union, Madison's notes and additional appropriate historical material for libraries, such as source material on the Constitution, chronology of the Constitution, biographies of the delegates and signers, questions and answers on the Constitution, outlines of a Constitution study course, handbook of the Constitution appreciation course, contest pamphlets, declamatory selections, winning essays and orations; tree-planting booklet, plays and pageants together with a costume book, and selection of appropriate music for plays and pageants; patriotic song contest; braille publication, pilgrimage certificates, posters and pictures, flag chart, poem by outstanding poet; information sheets; sermons on the Constitution, final report of the Commission.

"Organized groups" would be in constant touch with and give every help to State commissions, State historical associations, city and town committees; varied groups of men and women; with groups in such fields as business, industry, banking, agriculture, churches, civic, fraternal, labor law—all the Bar Associations; patriotic, religious and all other special group activities.

"Special activities" would be charged with Constitution postage stamps, enlisting cooperation of Post Office authorities for issuance; selection of pictures for stamps—sale of the stamps can help finance celebration costs—description of stamps; issuance of special cachets throughout the United States; reproduction of shrine containing the original Constitution and Declaration of Independence; preparation and distribution of tokens and mementoes; program of ceremonies of unveiling; Constitution commemorative medal and the Medal Advisory Commission, as well as medal design; official and badge medals and the preparation and issuance of official credentials, including auto stickers; Constitution film; braille service for the blind; plays, pageants and music; preparation and distribution of suitable plays and pageants relating to formation, adoption, signing and ratification of the Constitution; collection and distribution of original music, poems, patriotic songs; participation of education, business and

civic groups from cities, towns, and insular possessions in overall national demonstrations; participation of military units; preparation of Constitution posters, banners, buttons, souvenirs of every type; pilgrimages to the National Capitol, Philadelphia, New York—where the first Congress under the Constitution sat—art exhibitions; activities to draw 1964 national conventions to Washington-Philadelphia.

The type and nature of the celebrations in each of the 13 Original States and each of the remaining 37 States and Puerto Rico would, obviously, be finalized only upon consultation with the Governors and the commissioners of the several States, all of whom would be given suggested plans regarding all public demonstrations, plays, pageants, and contests in the areas of essays, orations, arts, music, and patriotic songs.

In conclusion, Mr. Speaker, it is clear that the plans for the 175th anniversary of the Constitution are all-embracing and of such a nature as to be stimulating to our people. We wish to emphasize the fact that the Constitution is not a mere "scrap of paper" nor a mere set of laws but, in very truth, a living and vital reality which, in a very real sense, is the dominating force in our American way of life. It is the Great Protector of our freedom and independence; the inflexible guardian of our inherent rights as it proclaims in its imperishable preamble:

We, the people of the United States, in order to form a more perfect Union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.

Mr. Speaker, there is no greater argument for giving honor to this immortal document than we find, there, in that preamble and it is our hope and prayer that all our people will come to know it better, love it more, and that it will be cherished in American hearts forever.

COMMITTEE SESSION DURING GENERAL DEBATE TOMORROW

Mr. HÉBERT. Mr. Speaker, I ask unanimous consent that the Special House Committee on Investigations be allowed to sit during general debate tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

SUGAR QUOTA OF THE PHILIPPINES

The SPEAKER. Under the previous order of the House the gentleman from California [Mr. GEORGE P. MILLER] is recognized for 5 minutes.

Mr. GEORGE P. MILLER. Mr. Speaker, a few weeks ago I had the pleasure of calling to the attention of this House the fact that a nation closely allied to the United States had paid its more than \$20 million obligation to us. The Philippines has shown by its deeds that it is an honorable na-

the annual budget would reach a figure of \$65 billion within the next few years, which some considered to be too high on estimate at that time.

I submit that the Congress must accept a part of the blame for the constant increase in the cost of the Federal Government, by its refusal to establish the necessary machinery to fully evaluate all Federal spending programs, to determine whether they are serving the purpose for which funds were originally authorized, and whether appropriations being approved annually are warranted. It is incumbent upon the Congress to determine that only so many dollars are appropriated—and no more—as may be absolutely necessary for the continuation of those activities and programs which were determined to be necessary and in the public interest.

To accomplish these objectives and to carry out these obligations to the American people, who have elected Members of Congress as their representatives and their spokesmen, it is imperative that action be taken, and without further delay, to provide the Congress with the essential tools required to perform these duties and responsibilities to the people of the United States.

I therefore urge that the other body give early and favorable consideration to legislation proposed by the bill, S. 529, approved by the Senate and referred to the House Committee on Rules on May 29, 1961, to establish a Joint Committee on the Budget, which would provide much needed services to the Committees on Appropriations of the House and Senate. The bill would insure that members of those committees, and all Members of Congress, will have full information and adequate facilities with which to cope with the problems as emphasized by the pending proposal to increase the ever-mounting national debt ceiling.

The objectives and proposed duties and responsibilities to be vested in the Joint Committee on the Budget are set forth in detail in Senate Report No. 264, which accompanied S. 529. The proposed legislation includes provisions designed to bring about coordination of all fiscal functions of other substantive committees in order to insure a united effort to effect necessary economies in Government.

Also, Senate Document No. 11, on the financial management of the Federal Government, approved by the Senate on February 13, 1961, contains a full legislative history of the proposal and actions taken thereon by the U.S. Senate.

FORTIETH ANNIVERSARY OF THE BUDGET AND ACCOUNTING ACT OF 1921

In this connection, I would like to call to the attention of the Congress that this month marks the 40th anniversary of the Budget and Accounting Act of 1921, which represents the first great step forward of this era in the modernization of financial management in the Federal Government. It also marks 40 years of service by the General Accounting Office, which was established by that act, as an agency responsible only to the Congress.

The long and conspicuous record of the General Accounting Office over the last 40 years is well known and highly regarded by the Congress. It is indeed appropriate to especially acknowledge the dedicated and competent services of this agency of the Congress on this occasion of the 40th anniversary of the Office.

I wish to express particularly the high regard of the Senate Committee on Government Operations, of which I am privileged to serve as chairman, for the contribution of the General Accounting Office to the work of the committee. The committee and GAO have had the most cordial and productive working relationship. Staffs of the committee and of GAO have worked jointly on matters of common concern, and important developments such as the establishment of the joint program to improve accounting in the Federal Government, the Budget and Accounting Procedures Act of 1950, and other financial legislation which have been significantly advanced by these efforts. The advice and counsel of the General Accounting Office have been sought and obtained in connection with proposed legislation.

The numerous reports submitted by the Comptroller General to the Congress and its various committees during the past 40 years have been of great value in identifying areas of governmental activities and excessive expenditures which should require the constant attention of the Congress. In addition, it is a matter of record that the General Accounting Office has more than paid its way in the amounts it has recovered for the Government from illegal and otherwise improper expenditures of Government funds by the agencies.

Under the provisions of the committee's bill to provide for the creation of a Joint Committee on the Budget the General Accounting Office would play an important part, since it would be directed in addition to its present functions, to make such investigations and reports relating to agency budgets and expenditures considered to be necessary to assist the joint committee in its consideration of the budget as submitted by the President.

It is, therefore, with sincere appreciation that I acknowledge the contributions of the General Accounting Office to the work of the Congress and its committees on this occasion of its 40th anniversary and extend to the Comptroller General and his staff my best wishes for continued success in their work.

I ask unanimous consent to have printed in the RECORD, as a part of my remarks, an editorial from the Saturday Evening Post on June 24, 1961, entitled "One Federal Bureau Aims To Curb the Spenders," which relates to some of the services rendered by the General Accounting Office.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

ONE FEDERAL BUREAU AIMS TO CURB THE SPENDERS

Whatever happens to the administration's various projects on the New Frontier, it can

be confidently predicted that Government expenditures are going up. Consequently it becomes more important than ever to see to it that the taxpayers' money is at least used for the purposes intended by Congress and that the supplies and services contracted for are the best that money can buy.

The agency charged with this housekeeping assignment is the General Accounting Office, the head of which is the Comptroller General, Mr. Joseph Campbell. The GAO was set up by Congress in 1921 to ride herd on the executive department and all Government agencies authorized to spend public funds. Its original function was simply to check on the taking in and paying out of money to make sure that it was spent as Congress ordered it spent. More recently the General Accounting Office has emphasized the performance audit of expenditures—to indicate whether or not the public got its money's worth.

Despite the importance of its task, the General Accounting Office is far too little known. Also, as Senator PAUL DOUGLAS put it during the hearings before the Joint Economic Committee last year, the Comptroller General and his staff "are exposed to the fire of the departments whose expenditures they scrutinize. They do not receive the popular approval and commendation which I think they deserve, and must at times feel very lonely and friendless." The attitude of Congress toward GAO varies with individual Members. Savers hail it as an indispensable guardian of the Treasury. Spenders ignore it as a pestiferous Scrooge.

Although GAO has been instrumental in bringing about returns to the Treasury of many millions paid on account of excessive transportation charges, improperly drawn contracts, overpayments, and so on, its primary function is preventive. Revelations of improper transactions tend to make purchasing officials more vigilant next time. Greater care in the future may be expected on the part, for example, of those responsible for the delivery abroad, under the military-assistance program, of tactical navigation equipment—\$12 million worth—which the receiving countries were not able to use and which the Air Force needed.

Other instances of slatternly housekeeping unearthed by GAO include the shipment by air of household goods from Texas to Pakistan at a cost of \$14,830, when shipment by sea would have cost \$1,470. Comptroller Campbell made the comment that "in this instance they (the goods) would have arrived in Pakistan by ship 1 week earlier than by air. Also we noted that air shipments included a piano, a model ship, and a sled." The result of this revelation was an amendment to the law restricting air shipment to articles which are "required for use in carrying out assigned duties or are necessary to prevent undue hardship."

Opinion as to the services of GAO is not universally laudatory. Manufacturers attempting to fulfill defense contracts sometimes complain that GAO's accountants devote so much meticulous attention to the precise terms of a contract and are so rigid in their attitude toward costs of new and often experimental gadgets that our defense posture is not helped by their operation. The armed services often charge that GAO field inspections and criticisms of military equipment purchases take too little account of the emergency conditions under which this kind of material has to be purchased.

On the other hand, GAO appears to have a good case, at any rate in peacetime, when it criticizes the purchase of 19,000 military vehicles, all deficient, on the ground that the Army bought the whole lot before getting adequate assurance that identified defects could be corrected either during production or by later modification. The amount involved in that bobble was \$1,600 million.

In any event, GAO has recovered for taxpayers many times what its services have cost. Equally satisfying is GAO's defiance of Parkinson's law by reducing its staff so that the total number of employees is 1,200 less than it was in 1952, despite the addition of new branches in Europe and Asia.

When taxpayers, editors, teachers, political scientists, and civic agencies become better aware of what GAO does, not only can more billions of dollars be saved, but new incentives to efficient and economical public service will arise in unexpected areas. And the pencil sharpeners in GAO will feel less unloved.

Mr. SPARKMAN. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Madam President, I move that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

HOUSING ACT OF 1961—CONFERENCE REPORT

Mr. SPARKMAN. Madam President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1922) to assist in the provision of housing for moderate and low-income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report. (For conference report, see House proceedings of June 27, 1961, pp. 10644-10658, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. ROBERTSON. Madam President, I call attention to the fact that the omnibus housing bill as reported to the Senate by the conferees is now a more extravagant and inflationary measure than the very extensive bill which was passed by the Senate.

There are many changes in the bill now before us that raise serious and, to my mind, more far-reaching objections than those which I expressed when the Senate bill was before this body.

Among the more important of these changes are the following:

First. The general standard for payment of urban renewal grants has been raised from two-thirds to three-fourths as the Federal share in communities with populations of up to 50,000, and up to 150,000 in depressed areas. This is a departure from the general two-thirds rule and can result in larger cities in the future demanding equal treatment. It all adds up to the Federal Government paying out more and more money as time goes on.

In the bill as reported by the subcommittee to the full Banking and Currency Committee, there was a proposal to increase the Federal share to five-sixths in cases where there is State assistance in urban renewal. Fortunately the full Committee deleted this proposal. Nevertheless, it shows the dangerous trend that is developing and may well continue to develop until the Federal Government is called upon to pay 100 percent of all slum clearance in our cities.

The urban renewal grant authorization was cut by the conferees \$500 million to \$2 billion. This is meaningless because there is no time limitation involved and as soon as the \$2 billion is used more will be requested.

Second. The Federal National Mortgage Association special assistance authorization was drastically increased. The full Banking and Currency Committee deleted an extra \$750 million authorization proposed by the subcommittee to buy mortgages in the low and moderate income 40-year loan provisions of the bill. Now the conferees report back an authorization restoring that \$750 million with an extra \$10 million for good measure, for a total of \$1,510 million authorized in this program. The House language is in the nature of transfers from other authorizations but it adds up to the total which I have given.

Third. FNMA would now be permitted to go into the banking business and make short-term loans on the security of pledged FHA and VA mortgages. This provision has been before us before but it has never yet been in a conference report. This places FNMA in the field of making direct loans in competition to private lending institutions and tends to substitute public for private credit. I believe that it is serious error to permit it.

Fourth. The interest rate in community facility loans was reduced from the current average of 4 percent or above to $\frac{1}{4}$ percent more than the current college housing rate of $3\frac{1}{2}$ percent, and the loan authorization was increased by not a mere \$50 million, as passed by the Senate, but by \$500 million. This is but another illustration of attracting communities to the Federal Government for aid. Lower and lower interest rates for Federal loans are dangerous to our economy. If we continue this trend, we will make Federal assistance so attractive that the trend toward reliance on the Federal Government will be irresistible. The interest scale adopted by the conferees is currently $3\frac{3}{4}$ percent but, on computations as of June 30, 1961, this rate might be even lower for the coming year since it is based on the rate paid on all interest-bearing obligations of the United States.

Fifth. We are faced again with open space provisions in this bill. To add insult to injury, the previous authorization for appropriations in this new and unexplored field is now changed to back-door financing. I suppose that the conferees wanted to make sure that the agency received the \$50 million herein authorized without the fear of facing

the Appropriations Committee with an initial request because even the House bill, which was the only thing in conference, contained an appropriation authorization. I question this procedure because there was no Senate provision in conference. The only provision in conference was a House appropriation authorization for \$100 million which was changed by the conferees to \$50 million in contract authority which is another method of back-door financing.

Mr. HOLLAND. Madam President, will the Senator yield?

Mr. ROBERTSON. I yield to the Senator from Florida.

Mr. HOLLAND. As I recall, during the debate on the pending measure, the Senate struck out that provision; is not that true?

Mr. ROBERTSON. Absolutely.

Mr. HOLLAND. How much is now placed in the bill by the conference report?

Mr. ROBERTSON. Fifty million dollars. It bypasses the constitutional provision with respect to appropriations. This money goes out of the Treasury and will never come back. It is obtained by the device of authorizing direct withdrawal from the Treasury—back-door financing.

Mr. HOLLAND. Does it mean that these funds can be used in unnamed cities for any reason that seems to be impressive to the handling authority, to enable the acquisition of so-called open spaces in the suburbs of the cities?

Mr. ROBERTSON. Absolutely. If a park is desired, all that is necessary is call it an open space, and if the idea can be sold to the Administrator, he will say, "All right; here is your money."

We took that provision out. It has now been put back. Not all the \$100 million has been put back, but \$50 million of it has been put back. This will start things in an untried field that are bound to grow into great demands on the Federal Government.

Mr. HOLLAND. What percentage of the total cost for each of these open areas is to be paid by the Federal Government out of the \$50 million?

Mr. ROBERTSON. I will have to ask the chairman of the subcommittee if the conferees made any change. I believe it was 30 percent.

Mr. SPARKMAN. Twenty percent as a general rule and 30 percent in some cases.

Mr. ROBERTSON. As I have said, the bill follows the usual pattern of trying to avoid the Appropriations Committee on new and experimental programs and never returning to the constitutional method of spending Federal money through appropriations.

I wish to include in my remarks a chart showing a comparison of the funds requested by the administration with those included in the bill S. 1922, as passed by the Senate and as agreed to by the conference committee. I will not read it, but I ask unanimous consent that it be included in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. ROBERTSON. Included in this chart is the \$3,146 million for public housing authorized by this bill to be paid over a 40-year period. These figures are seldom if ever given by proponents of housing legislation because they are so large. In this bill, the public housing figures, together with the FNMA figures, make the bill approximately a \$9 billion bill rather than a \$5.646 billion bill as reported in the press today. This is exclusive of the \$1.2 billion VA direct loan portion which has been handled by separate legislation, although originally carried in the Senate bill.

The public housing figures are always staggering when reduced to dollars rather than units, and the public at large should realize this fact. Moreover, I call attention to the fact that the bill now contains the House provision removing one of the few remote possibilities that any public housing money may ever return to the Federal Treasury. It would repeal the existing law requiring payment of a part of the net proceeds of a public housing project back to the Federal Government after the 40-year bonds are paid off. At least this possibility of repayment should be retained.

The bill is now \$856 million in excess of requests made by the administration. It is devoid of fiscal responsibility and tainted with low interest rate programs unfair to business enterprise. The 40-year, no downpayment program for low and moderate income housing is now 40 years for displacees and generally 35 years, plus 5 years in hardship cases, respecting new construction, with a 3-percent downpayment requirement. There is very little difference between these provisions. The principle of fostering a program of individual financial irresponsibility that does not encourage considerably more equity than depreciation in a home still applies.

Mr. HOLLAND. Madam President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. HOLLAND. What change was made by the conference committee in the mass transportation figures? The figure in the bill as passed by the Senate, as I recall, was \$100 million for loans. There was an additional \$50 million for grants. That was at the sole discretion of the Administrator of the HHFA, to be used in unnamed cities, to be selected by him, as I recall.

Mr. ROBERTSON. The loans were cut to \$50 million, and the grants to \$25 million. Congress has no control over what is done.

The below-market rate rental part of this program is now definitely aligned with public housing. The Senate deleted public bodies as eligible mortgagors, but the conferees put most of them back in the bill.

I might stop here to say that in committee we were told that it was public housing. As a matter of fact, the middle-income group and the low-income group take in nearly everybody, because there are not a great many millionaires, or many who have \$100,000 or more. So the program now is to be expanded to give some kind of public housing to prac-

tically everyone in the country. That is where the bill is headed.

Mr. HOLLAND. Madam President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. HOLLAND. Does the Senator anticipate having a recorded ye-a-and-nay vote on the conference report?

Mr. ROBERTSON. Absolutely; 25 Senators were opposed to the bill when it passed the Senate. This bill is far worse than the one the Senate passed, and I cannot picture the Senate not insisting on going on a record. This act will live to plague us for a good many years to come. We are starting things that we cannot stop. We are dealing with \$9 billion of expenditures which are beyond our control, unless we pass a law repealing some of these items, which of course will never be done.

Mr. HOLLAND. Of course the Senator from Florida would have liked very much to be left in the position where he could support a conventional housing bill. Apparently the programs which have been included vastly exceed in amount any conventional housing program. The Senator from Florida will say to the Senator from Virginia that he hopes he will get a ye-a-and-nay vote. If not, the Senator from Florida wants the RECORD to show that, like the Senator from Virginia, he opposes the conference report.

Mr. ROBERTSON. The junior Senator from Virginia is the chairman of the committee which handled the bill, and he tried, in committee and again on the floor of the Senate, to keep the program within due bounds, and somewhat in keeping with what had been done in previous years in connection with FHA. In spite of those efforts, there has been put into this one bill almost as much as we have put in all the housing programs over a period of 25 years. That fact in itself should indicate how extravagant this omnibus housing bill is.

In all, this bill is now more undesirable than it was before the conferees met. It is indeed a "catchall" measure for practically everything that the term welfare-state in the field of housing and related matters would imply. It is needlessly extravagant and inflationary. I trust that it is not enacted into law.

The total of the grants and loans unconditionally authorized by the conference report is approximately \$9 billion. The fact that funds allocated to FNMA for purchase of mortgages, to urban renewal for grants for cities, and the 100,000 units of public housing costing an average of \$14,000 each will not all be used in the next year is not the issue. The issue is what spending does the bill authorize unless Congress passes a subsequent repeal act or the President impounds a certain authorized expenditure. The answer is \$9 billion.

Mr. AIKEN. Madam President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. AIKEN. Can the Senator tell me by how much the conferees increased the total for loans above the amount of the Senate bill?

Mr. ROBERTSON. I have a chart which shows that.

Mr. AIKEN. I understand that one item has been deleted.

Mr. ROBERTSON. The grand total requested by the administration was \$8,143 million; as passed by the Senate, it was \$8,293 million—deducting the \$1.2 billion provided for the VA direct home loan program, which was later taken out of the bill and passed separately by the Senate—as agreed to in the conference report the grand total is \$8,999 million.

Mr. AIKEN. What happened to the VA direct loans? You say they are not provided for in the report?

Mr. ROBERTSON. They account for more than a billion dollars, and they are not provided in the conference report at all.

Mr. AIKEN. That item will appear in subsequent legislation, will it not?

Mr. ROBERTSON. That is not in this report; it is separate legislation.

Mr. AIKEN. Yes.

Mr. ROBERTSON. That item has already been approved by the House and by the Senate with minor amendments, as I recall.

Mr. AIKEN. However, if that amount is added to the amount agreed to by the conferees, the total will be from \$600 million to \$700 million above the amount appearing in the Senate bill.

Mr. ROBERTSON. That is correct. The Senate bill included \$750 million which we authorized to increase the current assets or purchasing power of FNMA. Not only was another \$750 million added, to which the administration objected, but \$10 million was added on top of that.

Mr. AIKEN. Is that larger than the amount provided in the House bill?

Mr. ROBERTSON. No; it is almost as large, but not quite. The Senate provided \$750 million. All of it could be loaned at below commercial loan rates. No commercial financial institution will lend money at a rate below 4 percent.

Mr. AIKEN. Had the provision for VA direct loans been left in the bill, the amount provided in the conference report would have been \$706 million more than the total amount of the Senate bill.

Mr. ROBERTSON. That is correct. The conference bill is \$850 million above the administration bill, and we thought that was extremely liberal.

Mr. AIKEN. If the conference report is not accepted by the Senate, will the bill go back to conference again?

Mr. ROBERTSON. Yes; the bill would go back to conference if the Senate refused to accept the report. The bill would have to go back to conference, and we hope the conferees would take note of the objections which we have raised. Instead of adding all the new things in the House bill and including all the objectionable things contained in the Senate bill, the conferees should remove some of them and bring the amounts in the bills down to the administration requests—to the budget estimates—and even, we hope, below the estimates.

Mr. AIKEN. How much did you say is the total in the conference report above the budget estimate?

Mr. ROBERTSON. It is \$850 million above.

Mr. AIKEN. The President has not been stingy in making his requests for appropriations.

Mr. ROBERTSON. He certainly has not.

Madam President, I yield the floor.

EXHIBIT 1

Loan and grant authorizations in S. 1922, as introduced (S. 1478), as passed by the Senate and as agreed to by the conference committee

[In millions of dollars]

Subject	In S. 1478, as requested by the admin- istration	As passed by Senate	As agreed to by con- ference com- mittee	Conference bill is larger by—
FNMA special assistance:				
Presidential discretion.....	750	750	750	—
Transfer of program No. 10 authorization.....	(1)	(1)	200	200
Transfer of mortgage repayments from M. & L. fund ²	(1)	(1)	560	560
FNMA total.....	750	750	1,510	760
Loan programs:				
College housing loans.....	3 1,350	3 1,350	3 1,200	3—150
Public facility loans.....	50	150	500	350
(Mass transportation).....	(1 4)	(100)	(50)	—(50)
Housing for the elderly loans.....	50	50	75	25
VA direct housing loans.....	(1 5)	1,200	6 0	6—1,200
SBA disaster loans.....	(1)	50	25	—25
Public works planning loans.....	(1)	(1)	10	10
Farm housing loans.....	7 207	7 207	7 407	200
Subtotal, loans.....	1,657	3,007	6 2,217	6—790
Grant programs:				
Urban renewal grants.....	2,500	2,500	2,000	—500
(Mass transportation).....	(1 4)	(50)	(25)	—(25)
Urban planning assistance grants.....	80	80	55	—25
Public housing:				
Annual contributions (40 years).....	3,146	3,146	3,146	0
Demonstration grants.....	10	10	5	—5
Open space.....	(1 5)	(1)	50	50
Farm housing research.....	(1)	(1)	1	1
Defense, hospitals.....	(1)	(1)	15	15
Subtotal, grants.....	5,736	5,736	5,272	—464
Grand total.....	8,143	9,493	6 8,999	6—494
Memo: Plus \$1,200,000,000 for VA direct housing loans excluded from administration bill, then included in Senate-passed S. 1923 but finally removed and passed by Senate as separate bill (H.R. 5723).....	9,343	9,493	10,199	706

¹ No provision.

² Assumes mortgage repayments from FNMA management and liquidation fund at rate of \$140,000,000 annually over 4 years, as set forth in the summary of significant differences between the bill (S. 1922) as passed by the Senate and as amended by the House. These repayments could amount to as much as the entire \$1,600,000,000 portfolio if this portfolio were completely liquidated within 4 years.

³ In Senate bill, 5-year authorization; in conference bill, 4 years.

⁴ S. 345, the proposed Urban Mass Transportation Act of 1961, provided \$75,000,000 in grants and \$250,000,000 in loans.

⁵ S. 1481 provided \$1,200,000,000 for the VA direct home loan program.

⁶ Excludes \$1,200,000,000 for VA direct housing loans, passed as a separate bill by the Senate on June 26, 1961 (H.R. 5723).

⁷ Includes \$207,000,000 made available for farm housing loans by extending the present program.

⁸ S. 858, the proposed Open Space and Urban Development Act of 1961, provided \$100,000,000 in grants.

Mr. SPARKMAN obtained the floor.

Mr. SPARKMAN. Madam President, I ask unanimous consent that, without my losing my right to the floor, I may yield 30 minutes to the distinguished Senator from Mississippi.

The PRESIDING OFFICER. Without objection, it is so ordered.

COLLAPSE OF TEXAS TOWER NO. 4 INTO ATLANTIC OCEAN

Mr. STENNIS. Madam President, I thank the distinguished Senator from Alabama for the kind consideration which is typical of him.

Madam President, I ask unanimous consent that Mr. Stuart French, a member of the staff of the Subcommittee on Preparedness of the Committee on Armed Services, who has done much valuable and outstanding work on this subject, be allowed the privilege of the floor during the discussion of this Texas tower report.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS. Madam President, the Preparedness Investigating Subcommittee today intends to transmit to the chairman of the full Armed Services Committee and to the general public its report of facts and circumstances surrounding Texas tower No. 4, which collapsed into the Atlantic Ocean in January of this year, taking with it the lives of 28 persons.

It is the conclusion of the subcommittee, after thorough investigation, backed up by 5 days of exhaustive, recent hearings and cross-examination of many witnesses, that the catastrophe must be shared among the designers of the tower, the Navy, and the Air Force.

Texas tower No. 4 was constructed for the Air Force by the Navy and completed in November 1957 after it was determined that radar platforms were needed to serve as seaward extensions of our early warning radar system.

Subcommittee findings reveal that the design criteria, upon which the final structural integrity of the tower was to be based, were clearly inadequate.

This inadequacy must be charged to the Navy's Bureau of Yards and Docks and to the structural design engineers, since there were on file many estimates of the environmental wind and wave forces to which the tower would be exposed during its anticipated 20-year life in the Atlantic Ocean.

Herein lies a great miscalculation.

As a matter of fact, the design criteria had been exceeded by recorded or reliably computed wind velocities and wave heights since 1937—or some 20 years immediately preceding the tower's erection—and these forces should reasonably have been foreseen on the basis of the findings from the feasibility study conducted by the structural design engineers and approved by the Navy.

This point is covered in more detail on page 8 of the final report.

The subcommittee also found, for special reasons specifically noted in respect to its supervisory responsibility, that a substantial portion of the responsibility for the defects, deficiencies, and inadequacies in the design and construction, and in some cases in the repair, of Texas tower No. 4 rests squarely upon the Navy's Bureau of Yards and Docks.

The report also points out that the Air Force was chargeable with the responsibility for the safety and well-being of the personnel on board the tower, both civilian and military, and must accept a substantial portion of the blame for the loss of the 28 persons on board at the time of collapse in failing to order a timely evacuation of the tower.

It was apparent from September 12, 1960, until the tower collapsed on January 15, 1961—4 months later—that the tower was greatly weakened; that it was in a dangerous condition and that it was highly unsafe. The winter storm season was in progress and it was known that it would continue for several months more.

A complete evaluation of the tower should have been made and all personnel evacuated or, as a minimum alternative, highly effective measures taken which would have insured the safe and timely evacuation of all personnel in advance of any predicted storms, the report states.

Since November 1957, when the tower was turned over to the Air Force for operational purposes, serious question as to its structural integrity had been voiced by many, including the operating personnel aboard. This question was raised even more vociferously after hurricane Donna struck in September 1960—4 months prior to its collapse—and rendered it weak and highly unsafe.

One of the design engineers said, in sworn testimony, that he did not see how the tower stood up at all after September 12, 1960.

But the beginning of the end of the tower occurred when two braces were first broken and finally lost from the structure as it was towed from Portland Harbor to its site some 80 miles off the coast of New Jersey in June 1957. An attempt was made to repair these braces at sea, and from that time on the tower was known as Old Shaky and never again regained its original or attained

erection should have been continued. Someone should have been in charge. The committee conclusion states that it believes the Navy was responsible for the decision.

I have no criticism to make of the structural design engineers. I am not qualified in any manner to do that. But I think it is quite proper for the committee conclusion on page 40 to point out that it is strange that these same structural engineers who made the original design were then hired to go out in the Atlantic Ocean and to inspect and determine the safety of the remaining towers.

The report concludes that it is a military judgment which must prevail in respect to the continued operation of towers No. 2 and 3. I, for one, hope that great attention will be paid by the military to the need for them, and, if it is found they are essential to national security, that constant investigation will be made so there will be no possibility of a repetition of the disaster which befell tower No. 4.

I should like to associate myself with the distinguished Senator from Massachusetts in saying that in my experience no more thorough job in an investigative manner has ever been done than was performed by the chairman of the Preparedness Investigating Subcommittee of the Committee on Armed Services, the Senator from Mississippi [Mr. STENNIS], in respect to this important assignment. He was ably aided by the efficient members of the staff, Mr. French and others. I feel that a report of this kind will go far in keeping everyone alert in the future to guard against possibility of a similar tragedy.

Mr. STENNIS. I thank the Senator from Alaska very much for his fine words, for his constant attention to the hearings and for his consideration of the report. The Senator has made a valuable contribution.

Mr. WILLIAMS of Delaware. Madam President, will the Senator yield?

Mr. STENNIS. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. I commend the Senator from Mississippi and the members of the subcommittee for the excellent contribution they have made in submitting this report to the Senate and for calling this sharply to the attention not only of the Congress, but also of those in the military who may have been responsible. We recognize, with reference of the unfortunate incident which occurred, that we cannot bring back the lives of the men who were lost, but perhaps the report will impress upon those officials who were in authority a greater respect for their responsibility. Perhaps in the future we can prevent a recurrence of such an unfortunate incident.

Mr. STENNIS. I thank the Senator for his fine evaluation.

Mr. WILLIAMS of Delaware. I have one question in this connection. It was called to my attention in a letter I received a few days ago.

The writer of the letter was one of the men who served on the tower, and he

claims that during their service the men received the usual additional pay allowed to men in the military serving outside the continental United States. Presumably the men collected the additional allowance throughout the period of their service on this tower. According to the writer, since the tower collapsed there has been a reversal of the ruling and presumably an attempt is now to be made to retroactively collect the additional pay which had been given to those men who served on the tower.

Is the chairman of the subcommittee aware of this situation or does he have any comment to make?

Mr. STENNIS. The Senator from Mississippi did not have personal knowledge of the point the Senator from Delaware has mentioned until a few minutes ago. I have learned from members of the staff, since the question was asked a few minutes ago, that such a report did come to the subcommittee. It is true that, additional allowances were given, and now an attempt is being made to recover them. That was not included in the report, for obvious reasons, because it is beyond the import of our investigation.

Mr. WILLIAMS of Delaware. I appreciate that point.

Mr. STENNIS. It certainly is a pertinent point of inquiry. I appreciate the Senator's interest. I think we should follow up, not as a part of the investigation of the incident, but as a part of the whole picture, to develop the full facts. We shall let the Senator know about them.

Mr. WILLIAMS of Delaware. I appreciate that statement. I fully recognize that this question has nothing whatever to do with the report. But I felt it was germane to the subject. I was very much concerned about the effect this action might have upon some of the men who have served in this field. If true it does seem to be unfair.

Mr. STENNIS. I think the Senator is correct. The Senator's remarks are very timely. I thank the Senator especially for his remarks.

Madam President, I thank the Senator from Alabama again, and I yield the floor.

Mr. JACKSON subsequently said:

Mr. President, I ask unanimous consent that the brief remarks I am about to make may be printed in the RECORD after the debate which followed the remarks of the distinguished junior Senator from Mississippi, made earlier, in connection with the Texas tower report.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Washington? The Chair hears none, and it is so ordered.

Mr. JACKSON. Mr. President, I wish to associate myself with the exceedingly able report presented by the chairman of the Preparedness Subcommittee of the Senate Committee on Armed Services, the junior Senator from Mississippi [Mr. STENNIS], in connection with the so-called Texas tower incident. The chairman of the subcommittee, as usual, conducted the hearings in a most fair and impartial manner.

I also wish to pay my particular respects to the staff and to Mr. French, who directed the investigation.

I think the Senate will find the hearings were conducted throughout in a judicial way. There was no effort on the part of any member of the subcommittee to be punitive or to try to punish anyone. On the other hand, the committee rendered a very fair and just verdict.

I hope all the Members of the Senate will have an opportunity to read the report. I am certain my colleagues will come to the same conclusion the committee reached in its usual unanimous way.

ORDER OF BUSINESS

Mr. BENNETT. Madam President—

Mr. SPARKMAN. Madam President, I have the floor.

The PRESIDING OFFICER. The Senator from Alabama has the floor.

Mr. BENNETT. There is some material I should like to put into the RECORD.

Mr. SPARKMAN. Madam President, I ask unanimous consent that I may yield to the Senator from Utah without losing my right to the floor.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama? The Chair hears none, and the Senator from Utah is recognized.

HOUSING ACT OF 1961

Mr. BENNETT. Madam President, I ask unanimous consent to have printed in the RECORD two editorials on the subject of housing; one entitled "Lifetime of Debt Bill," and the other entitled "Needed: Greater Economy."

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

LIFETIME OF DEBT BILL

The goings-on in Washington, usually hard to understand, sometimes are downright incredible.

The same week that President Kennedy, following his talks with Khrushchev, emphasized in a television broadcast the deadly seriousness of the international crisis, administration forces pushed through the Senate a \$6,090 million housing bill of dubious merit.

We face an arrogant, ruthless, and implacable foe in the cold war, and the President has stressed again that unity and sacrifices will be necessary to withstand the relentless Communist pressure. Yet it is business as usual in politics.

The original Kennedy proposal was for Federal Housing Administration insured 40-year mortgages with no downpayment for homes costing up to \$15,000. In addition the administration has called for urban renewal, water and sewer projects, and other types of housing to cost more billions. The moderate income family provision was first beaten in the upper House but a substitute was later passed. It is almost identical with the original provision except that a buyer taking advantage of the 40-year mortgage must now make a small downpayment.

Has anyone stopped to think what condition a \$15,000 house will be in near the end of the 40-year period?

Senator DOUGLAS and others have been warning of the grave dangers, individually

and nationally, of the buy now, pay later excesses. This measure would encourage home buyers to get mired in a near-lifetime of debt. In addition, the housing program will cost the taxpayers billions which they cannot afford. If this country must pay more than \$40 billion annually for defense, something else will have to give.

"Ask not what the country can do for you," said Mr. Kennedy in his inaugural message. One doesn't have to ask what he can do for the country. He can pay ever-increasing taxes. This may be tolerable in the critical struggle for survival against the Communists, but questionable schemes like the housing bill raise questions about the national goal.

NEEDED: GREATER ECONOMY

Congress has before it this week two measures, among others, that illustrate all too clearly the problem of America today.

It has a housing measure, already passed by the Senate, containing \$6 billion worth of spending in a field where there is serious question the Federal Government belongs in the first place.

And it has an urgent request for a \$5 billion boost in the national debt ceiling, so that the country can continue to operate.

If there is any question remaining about the inflationary pressures the country faces, this request to raise the ceiling to \$298 billion ought to erase them. One of the most effective blocks to welfare spending has been removed by the reorganization of the House Rules Committee, and the floodgates now seem to be open.

How we can have both the increased spending needed for defense and the increased spending being requested for domestic welfare programs, without starting another inflationary spiral that will further weaken our position in world affairs, is hard to see.

The housing bill is a good example of the sort of unnecessary spending that may be politically popular but risks serious dangers.

In it, the Government throws off its pretense of trying to provide for only the destitute. It authorizes 40-year, no-downpayment sales and rental housing programs for moderate-income families, with interest below the market rate. The loans will go to commercial developers or nonprofit organizations and public agencies to build housing for sale or rent.

What this amounts to is public housing for the middle-income group. Is America prepared to take that big step toward further socialism?

Such a program will stimulate the construction industry, no doubt, and make it easier for people to get new housing. But is this the kind of sacrifice that President Kennedy meant when he urged Americans not to ask what America can do for them but what they can do for America?

America does not need this kind of stimulation. What it does need is leadership toward strict economy, toward more self-reliance instead of Government-reliance, toward the realization that the Government can give to its citizens only what it takes from them—and that in the process precious values can be lost.

AN EMERGENCY IN EDUCATION

Mr. BENNETT. Madam President, last April I introduced a bill, S. 1678, to extend the program of Federal aid to areas whose schools have been adversely affected by Federal activity.

As I explained when I introduced my bill, such legislation is necessary because Public Laws 815 and 874, which provide this assistance, will expire next Friday, June 30.

The administration thus far has refused to recommend passage of my bill or similar bills in the House, because it hopes to use this very vital and non-controversial program as a hostage for the administration's general aid to education bill.

When I introduced S. 1678, I protested against this form of legislative blackmail, and I predicted that even by this threat to the continued existence of this important program the administration would be unable to get an education bill passed before these laws expire on June 30. It now appears that my prediction was correct, since the aid to education bill is not now expected to be acted upon before late July, or possibly not until next year.

The time has come for immediate action by Congress. Public Laws 815 and 874 should be considered on an emergency basis, and should be extended immediately. The administration should acknowledge its error in using this most important program as a hostage and should put its weight behind this program so that action can be completed this week.

The unfairness of the administration's permitting this important program to expire lies in the fact that the burden would be so unequally distributed, being borne by communities whose school systems are under serious pressures because of Federal installations nearby.

In my own State of Utah, for example, the Thiokol Chemical Corp., has established a production plant for the Minuteman missile. This has had an explosive effect on the community, and the few schools which once served this rural area are unable to cope with the sudden expansion. If Public Laws 815 and 874 are allowed to expire, the effect will be serious damage to the school district.

A similar situation exists in Tooele County, where a great influx of workers will soon occur because of expansion of the activities of Tooele Ordnance Depot. This will create a sudden and severe strain in the limited school capacity of that area.

The Senate is no doubt familiar with the fact that even under the Kennedy proposals the program for Federal assistance to federally affected areas would be drastically curtailed. Testimony before the Senate Labor and Public Welfare Committee, since the President made his recommendation, has refuted the President's contention that these programs should be curtailed.

The confusion and uncertainty about the future of this program has already created serious problems for schools throughout the country. School budgets are generally approved the spring preceding the school year. This spring, because the administration refused to back a separate bill for extension of Public Laws 815 and 874, it was impossible for school boards to know what to plan for.

In playing politics with this noncontroversial and badly needed program, the administration has done a great disservice to education. I trust that its error can be remedied before further damage is done.

KENNEDY LEAD-ZINC PROGRAM— RETURN TO FAILURE

Mr. BENNETT. Madam President, the Kennedy administration is reportedly ready to recommend a barter program involving lead and perhaps zinc. This program is supposed to give assistance to our depressed domestic lead-zinc industry. However, barter is worse than no program at all; it is only a delaying action obviously designed to cover up for the total lack of a permanent administration solution.

The Kennedy administration barter program is a return to the discredited barter effort of 1955 and 1956. All that accomplished was to stimulate foreign lead-zinc production and, as a result, imports reached an alltime high in 1956 through 1958, amassing commercial surpluses which have never been liquidated. Yet the Kennedy administration now proposes that we return to this program which was such an abysmal failure. We have gone full circle, from failure to failure.

It is my understanding that the Department of Agriculture will utilize the Public Law 480 program to sell certain surplus farm commodities to foreign lands for dollars which will be used to purchase lead and zinc for a supplemental Government stockpile. It is believed that \$60 million worth of metal will be purchased this year.

I am advised that the administration intends to enter soon into barter arrangements with Canada and Australia under which we will acquire 100,000 tons of lead. In return we will give Canada wheat. This is a novel situation, to say the least. On one hand we are buying lead, of which we have a huge surplus, and sending wheat to Canada, which almost literally has wheat running out of its bins. Parenthetically it should be observed that this wheat may directly or indirectly end up in Red China, along with other wheat already shipped there by Canada.

The net result of this remarkable program is that the American taxpayers will be called upon to spend millions of dollars to buy up the world's surplus of lead which will be placed in our overflowing stockpile where it is not needed. This is merely a temporary uninspired stopgap measure that conveniently puts off a permanent solution to the problem of excessive lead-zinc imports.

What our domestic lead-zinc industry needs is a flexible tariff plan such as that recommended in S. 1747, which I have the honor to cosponsor with the Senator from New Mexico [Mr. ANDERSON] and others. An identical bill was introduced by Representative WAYNE ASPINALL in the House.

APPOINTMENT OF REPRESENTATIVE KILDAY TO REPLACE JUDGE LATIMER ON U.S. COURT OF MILITARY APPEALS

Mr. BENNETT. Madam President, the administration recently announced that Representative PAUL KILDAY will replace Judge George Latimer on the U.S. Court of Military Appeals. I believe the President's refusal to reappoint

efficiently and economically absorb the additional capacity requirements from the project than could an independent system constructed especially for this single purpose.

My third and final reason for supporting the utilities' proposal is that of tax revenues which would be paid both to Federal and State governments if the transmission lines are privately built and operated, and which would be lost if the Federal Government builds the lines.

Federal income taxes from the transmission system are estimated at more than \$100 million over the 86-year period which has been used as a base for calculations. This is a substantial sum which should be included in any analysis of comparative costs.

In my own State of Utah, State and local taxes under the utilities' proposal are estimated at \$700,000 a year, of which \$470,000 would go to the support of public schools. With the tremendous increase in school-age population which we have experienced in recent years and the critical problems in school financing which it has produced, this is a factor which we cannot ignore. I am sure the situation is comparable in other States which would be affected by this project.

I shall not impose further on your time. In very brief summation, let me repeat that I believe the investor-owned utilities should construct, insofar as feasible, the transmission system to carry power from the Colorado River storage project:

1. Because it is in keeping with the American free-enterprise system;
2. Because it would be more efficient and economical, and therefore of benefit to the overall project; and
3. Because of the tax revenues which would accrue if the system is privately owned and operated but which would be lost if the system were federally owned and operated. Speaking for my own State of Utah, these revenues will be important to our schools, to our counties and to the State.

With all my heart I endorse the full Colorado River storage project and the entire reclamation program as being in the best interest of the Nation, being designed both to promote the general economy and also to strengthen our national defenses.

UTAH WATER USERS ASSOCIATION,
May 13, 1961.

At the board of directors' meeting of the Utah Water Users Association, the following resolution was adopted, with copies to be sent to the chairman of the House Appropriations Committee, the chairman of the Senate Appropriations Committee, delegations, and to the Utah Power & Light Co.:

"Whereas the Colorado River compact allocated to the upper basin 7,500,000 acre-feet of water per annum from the Colorado River system, and the upper Colorado River basin compact apportioned to the State of Utah 23 percent of the water allotted to the upper basin States, and beneficial use thereof is the basis, the measure, and the limit of the right to the use of such water; and

"Whereas the Colorado River storage project now under construction by the Bureau of Reclamation provides for the development of only a small part of the waters of the Colorado River available to the State of Utah and particularly under the upper Colorado River Basin compact, the only water which will be developed for Utah is that made available by the central Utah (initial phase) and Emery County participating projects; and

"Whereas the water not being developed will continue to flow down to the lower basin and be used beneficially in California and in Mexico until revenues are available for further development; and

"Whereas revenues from the sale of electric power generated by the project are ded-

icated by the Colorado River Storage Project Act to pay costs for operation, maintenance, and replacement, the facilities relating to power and municipal water plus interest and the cost of storage units allocated to irrigation, within 50 years and all excess revenues from the sale of power are divided between the upper basin States for additional development of Colorado River water allocations; and

"Whereas Utah is entitled to 21.5 percent of the excess revenues for the development of its apportionment of Colorado River water; and

"Whereas the Bureau of Reclamation has proposed that Congress grant it the use of money now available for construction of the Glen Canyon Dam to enable the Federal Government to build Federal transmission lines from units of the Colorado River project generating plants to serve preference customers (cooperative corporations, who are borrowers from the Rural Electrification Administration, and municipal corporations owning their own generating plants); and

"Whereas the Bureau of Reclamation estimates that it will cost \$176 million to build a Federal transmission system and that much of said system will duplicate existing and planned transmission lines of investor-owned public utilities already delivering most of the electricity now used in the area, and which lines are available for delivery of Government power; and

"Whereas the Congress of the United States in Public Law 86-700, relating to appropriations to the Bureau of Reclamation for construction of authorized reclamation projects, provided that no part of the appropriations could be used to construct transmission facilities where private wheeling service contracts can be made for the transmission of electricity to the preference customers and the Government; and

"Whereas the use of investor-owned transmission facilities by the Federal Government would reduce the expenditure of the Federal Government for transmission facilities by at least \$136 million, which need not be repaid from revenues derived from the sale of power, thereby providing for funds to assist in the earlier repayment of water development projects: Now, therefore, be it

"Resolved, That the Colorado River Storage Project Act was adopted to develop the water resources of the Colorado River and delays in the development of those resources resulting from a desire to construct and operate transmission facilities, will result in the delay of the development of waters allotted to Utah under the Upper Colorado River Basin Compact and a consequent danger of losing rights to Colorado River waters which are not developed, but permitted to flow to California and Mexico, and be developed and put to beneficial use by people in those areas; and be it further

"Resolved, That the undersigned urges the Federal Government to sell power from the Colorado project at its value, and opposes the diversion of funds appropriated for construction purposes, to the building of a transmission system which duplicates existing or planned transmission systems of investor-owned public utilities, the cost of which must be repaid from revenues derived from the sale of power generated by the project; and be it further

"Resolved, That the Federal Government be urged to use the transmission facilities of investor-owned public utilities already constructed or authorized for the transmission of electric power from the Colorado River project to preference customers."

RALPH A. RICHARDS,
President.

T. W. JENSEN,
Secretary-Manager.

LIST OF UTAH ORGANIZATIONS WHICH HAVE PASSED RESOLUTIONS IN OPPOSITION TO FEDERAL CONSTRUCTION OF POWER TRANSMISSION LINES TO SERVE THE UPPER COLORADO RIVER STORAGE PROJECT

Apartment Association of Utah.
Associated General Contractors of America.
Farm Bureau Federation.
First Federal Savings & Loan Association.
Home Builders Association of Greater Salt Lake.
Illuminating Engineering Society.
Industrial Relations Council.
Intermountain Electrical Association.
International Brotherhood of Electrical Workers, Local 57.
Liberty Fuel Co.
Metropolitan Water District.
Ogden Chamber of Commerce.
Provo Water Users Association.
Salt Lake Association of Insurance Agents.
Salt Lake Butchers & Grocers Association.
Salt Lake City Chamber of Commerce.
Salt Lake City Jaycees.
Salt Lake Real Estate Board.
Salt Lake Retail Grocers Association.
Twenty-One Counties Committee.
Utah Bankers Association.
Utah Building & Construction Congress.
Utah Consumers Finance Association.
Utah Engineering Council.
Utah Furniture Association.
Utah Home Builders Association.
Utah Manufacturers Association.
Utah Mining Association.
Utah Motor Transportation Association.
Utah Plumbing and Heating Contractors Association.
Utah State Medical Association.
Utah State Restaurant Association.
Utah Savings & Loan Association.
Utah Taxpayers Association.
Utah Water Users Association.
Utah-Wyoming Coal Operators Association.
Weber County Industrial Bureau.
Wyoming Natural Resource Board.

Mr. BENNETT. Madam President, I have concluded the work I wished to do, and I thank the Senator from Alabama [Mr. SPARKMAN], the chairman of the Subcommittee on Housing of the Committee on Banking and Currency, for his courtesy in making possible this opportunity for me this afternoon.

Mr. SPARKMAN. I am very happy to do so.

HOUSING ACT OF 1961—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1922) to assist in the provision of housing for moderate- and low-income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

Mr. SPARKMAN. Madam President, the Senator from Connecticut wishes to make a motion which, it is felt, should be made early in the consideration of the conference report. I ask unanimous consent that I may be permitted to yield to him for 5 minutes without losing my right to the floor.

Mr. BUSH. Madam President, is the Senate operating under a time limitation?

Mr. SPARKMAN. No. Before the Senator speaks, will he yield to me?

Mr. BUSH. I yield.

Mr. SPARKMAN. Madam President, I ask unanimous consent that the number of aids and assistants that may be allowed on the Senate floor may be greater by four than the number usually provided for.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUSH. Madam President, I thank the Senator from Alabama. I now move that the conference report on S. 1922 be recommitted to the conference committee with instructions to the Senate conferees not to exceed requests for authorizations made by the administration, as listed in a table which I make a part of the motion, and ask unanimous consent to have it printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Comparison of administration's requests against authorizations contained in the conference report on S. 1922, the proposed Housing Act of 1961¹

[Millions of dollars]

Purpose	Administration's requests	Conference report
FNMA investment in mortgages and improvement loans.....	750	1,510
Other loan programs:		
College housing.....	² 1,000	1,200
Public facility loans.....	50	450
Mass transportation loans.....	³ 50	50
Housing for the elderly.....	50	75
SBA disaster loans.....		25
Public works planning loans.....		10
Farm housing loans.....	207	407
Subtotal.....	1,357	2,217
Grant programs:		
Urban renewal.....	⁴ 2,000	2,000
(Mass transportation).....	³ (25)	(25)
Urban planning assistance.....	80	55
Public housing demonstration grants.....	10	5
Open spaces.....	⁵ 50	50
Farm housing research.....		1
Defense hospitals.....		15
Subtotal.....	2,140	2,126
Totals:		
FNMA.....	750	1,510
Other loan programs.....	1,357	2,217
Grant programs.....	2,140	2,126
Grand total.....	4,247	5,853

¹ Excludes \$1,200,000,000 for VA direct housing, loans, passed as a separate bill by the Senate on June 26, 1961, and excludes annual contribution grants for the 100,000, approximately, units of public housing reactivated in the bill. If these contributions were fully utilized over a 40-year period the amount involved would be \$3,146,000,000.

² Adjusted to a 4-year basis. The administration initially requested \$100,000,000 to provide for immediate needs plus \$250,000,000 a year for 5 years. The House provision, accepted by the conferees, was for \$300,000,000 for 4 years.

³ The administration omitted mass transportation from its housing bill, but the conferees were advised the amount shown reflects the administration's current request.

⁴ The administration requested \$2,500,000,000 for urban renewal grants, the agency testifying \$100,000,000 was needed to care for a backlog of applications and the balance to provide for anticipated demands at the rate of \$600,000,000 a year. The House provision, accepted by the conferees, was for \$2,000,000,000, with no time period specified. If the administration's estimate of demand is accurate, this amount will be adequate for 3½ years. The figure shown in the table is adjusted for this time period.

⁵ The administration omitted open spaces from its bill, but the conferees were advised the amount shown reflected its current request.

Mr. BUSH. The table includes not only the requests made by the administration in connection with S. 1428, the administration housing bill, but also its requests on such matters as mass transportation and open spaces, which were submitted to the conference committee.

The effect of my motion would be to instruct the Senate conferees to insist upon savings of approximately \$1,600 million in the bill. The savings would be made up as follows:

A difference of approximately \$750 million in the FNMA authorizations over the administration request; a difference of about \$650 million in other loan programs. The grand total of the administration requests, for the purpose of the motion, is \$4,247 million; the conference report figure is \$5,853 million.

Madam President, I announce that I intend to ask for the yeas and nays.

The PRESIDING OFFICER. The motion of the Senator from Connecticut will be stated.

The LEGISLATIVE CLERK. The Senator from Connecticut [Mr. BUSH] moves that the conference report on Senate bill 1922 be recommitted to the conference committee with instructions to the Senate conferees not to exceed requests for authorizations made by the administration as listed in the attached table, which is a part of the motion.

The PRESIDING OFFICER. The question is on the motion of the Senator from Connecticut.

Mr. SPARKMAN. Madam President, of course, the motion is debatable. It was not our purpose that it should be voted upon at this time, but, as I understand, the purpose of the Senator from Connecticut in making the motion at this time is to put Senators on notice. Furthermore, he has served notice that he will ask for the yeas and nays at the proper time on the motion to recommit.

Madam President, I do not intend my discussion on the conference report to be at all lengthy. Of course, the conference report covers many items. There is a copy of the report on the desk of every Senator, and it can be checked. There were 82 differences between the House and the Senate. As conferences usually go, there was compromise between the two sides. There was bargaining or trading in the way that conference committees usually discuss and decide the settlement of such issues.

We were in session for 2 days. We held an informal session on Monday, even though our conferees had not yet been appointed. We held an informal discussion that morning merely to explore the differences to see how far apart we were. Soon after the Senate met, conferees were appointed. That afternoon at 2 o'clock we went into session formally and remained in session until nearly 6 o'clock.

Yesterday we met at 10 o'clock, remained in session until noon, went back at 2, and remained in session until about 4 o'clock. In that time we adjusted the 82 differences between the 2 bills.

While I think we bring a good bill to the Senate, I am not wholly in accord

with the way things went in conference. In fact, I cannot recall a single conference in which I ever sat at which I agreed to everything. There are items in the report that I voted against, and items for which I voted were eliminated. I could name some of those provisions. However, I believe we have the best compromise that we could get.

One item in which I know a great many Senators will be interested is the item that was hard fought on the Senate floor. We went to the conference with a favorable vote from the Senate for a 40-year mortgage with a 3-percent downpayment up to \$13,500, and a 10-percent downpayment on mortgages from \$13,500 to \$15,000. I had hoped to maintain that position in the conference. The conferees will remember that I stated that, so far as I was concerned, we would be absolutely adamant. We found out that we could not agree on the provision. So we laid aside both the 40-year provision and the downpayment provision and moved on to other points, leaving that item to be decided until the very last session.

It became apparent that we could not possibly agree on the 40-year provision in the Senate bill, or the 35-year provision in the House bill. The 40-year provision was won in the Senate in a close, hard fight, and the 35-year provision in the House was conceded in advance, being announced ahead of time. Regardless of that fact, the House conferees took the position that they could not possibly approve a conference report that would contain a 40-year provision.

Finally we arrived at a compromise. Frankly, I believe it is a good compromise. I am satisfied with it because it does exactly what I want it to do. I believe it does what the Senate wanted to do when it voted for the 40-year mortgage, that is, to provide liberal terms for people whose income levels are below what would be necessary to buy under the usual terms of FHA.

Both on the Senate floor and in the conference committee the argument was made that what we were actually doing was throwing this provision away so that anyone could enjoy the privilege—in other words, that we would provide a 40-year mortgage on any house for an amount up to \$15,000. Those who urged that point were correct. The bill would do so. We compromised on a term of 35 years on new construction for moderate income families, with the proviso that, if by reason of low income, alone, the applicant was not able to qualify under the 35-year mortgage provision, the term could be increased by not to exceed 5 years.

In other words, they would limit it to moderate income people, and would exclude people above that level.

Mr. LONG of Louisiana. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. LONG of Louisiana. How tight are the provisions drawn to guarantee that there will be no abuse with respect to the 35-year limit, to permit a 40-year

mortgage in the case of a person who might be able to make the payments?

Mr. SPARKMAN. Of course, as the Senator knows, the tightness often depends almost exclusively upon the administration of the act. However, the policy in the past has been to make the formula and the restrictions very strict, and that is what they have been. There is a rather strict formula in effect. I know the Senator has often heard me state the rule-of-thumb that a person should buy a house which costs no more than 2½ times his net income. This is a very arbitrary rule but I believe that it represents a good approximation of the limits on the price that a person should pay for a house.

Mr. LONG of Louisiana. Is the administrator expected to draw up certain standards, for example, to say that a person would be expected to spend no more than about 25 percent of his income for a house?

Mr. SPARKMAN. That is a part of the regulations. I do not know whether the figure is 25 percent or 20 percent or some more detailed formula that the FHA uses.

Mr. LONG of Louisiana. I want to be sure that there is to be some attempt to set up some standards, or to pursue some standards in connection with this matter.

Mr. SPARKMAN. Oh, yes; that is provided for in the regulations.

Mr. CURTIS. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from Nebraska.

Mr. CURTIS. Does the conference report call for a program of housing for the middle-income people?

Mr. SPARKMAN. Moderate income is the term that is used.

Mr. CURTIS. What is the definition of "moderate"?

Mr. SPARKMAN. In the report that we made on the original bill, we suggested a range from \$4,000 to \$6,000 but it would vary depending on the income level of families in a particular community. That is not written into the law.

Mr. CURTIS. Not people in the category of the poor?

Mr. SPARKMAN. This is not intended for what we usually refer to as low-income people. This is for people of moderate income.

Mr. CURTIS. Low income would include people who had no income. Is that correct?

Mr. SPARKMAN. Yes.

Mr. CURTIS. I would include people who are homeless and houseless, and moderate income would be the group above that. Is that correct?

Mr. SPARKMAN. Yes. We have often said it would be families with income between the public housing level and the FHA level.

Mr. CURTIS. What is the purpose of the Federal Government's providing housing for people of moderate income?

Mr. SPARKMAN. The Federal Government is not providing it. It is an FHA insurance program; that is all.

Mr. CURTIS. But it is not individual housing, is it?

Mr. SPARKMAN. Oh, yes. They are individual homes.

Mr. CURTIS. Individual homes?

Mr. SPARKMAN. Yes.

Mr. CURTIS. How does the program differ, then, from the regular FHA program?

Mr. SPARKMAN. The regular FHA program under section 203 would call for 35 years. Under the conference report it would be 35 years basically, but it would make it possible to go to 40 years in order to permit lower income families to have homes.

Mr. CURTIS. Is it any different than the FHA program?

Mr. SPARKMAN. Only in that respect.

Mr. CURTIS. There is no difference in the amount to be paid down?

Mr. SPARKMAN. We use exactly the same schedule of downpayments, as to percentages, but we do provide that in the case of moderate income the closing costs may be included within the downpayment.

Mr. CURTIS. The closing costs?

Mr. SPARKMAN. Yes.

Mr. CURTIS. How much was the figure for this program in the Senate?

Mr. SPARKMAN. There is no figure. There is no money involved.

Mr. CURTIS. What is the amount of the authorization?

Mr. SPARKMAN. There is no money authorization. This is an FHA insurance program. The regular insurance premium is paid.

Mr. CURTIS. I understand. There is a limit as to how much they can insure.

Mr. SPARKMAN. Oh, yes. The limitation they can insure is limited to time, rather than to amount.

Mr. CURTIS. How about the aggregate amount?

Mr. SPARKMAN. Under the pending bill there would be no limitation on the aggregate amount. In the present law there is a limit, but that limit is just about reached.

Mr. CURTIS. At the present time there is a limit on the total amount of insurance that can be entered into?

Mr. SPARKMAN. Yes. From time to time we have extended it. Only a month ago we put through a quick resolution extending it by a billion dollars, to carry them to July 1.

Mr. CURTIS. What does the Senator mean by time?

Mr. SPARKMAN. In the pending bill we say the FHA may continue to insure until July 1, 1965.

Mr. CURTIS. But they determine how much the aggregate amount of the insurance will be.

Mr. SPARKMAN. It will depend on the applications that are received.

Mr. CURTIS. Up to now there has been a ceiling on how much insurance can be allowed?

Mr. SPARKMAN. Yes.

Mr. CURTIS. The time in which the authority can issue the insurance.

Mr. SPARKMAN. Yes.

Mr. CURTIS. Is there any particular reason why the dollar limitation was removed?

Mr. SPARKMAN. As a matter of fact, I may say that for several years, I be-

lieve, every recommendation submitted by the past administration had asked for the removal of the limitation altogether, so that there would be no limit as to either time or amount. However, we kept it on. Finally the suggestion was made to us that we could get effective control by putting a time limitation on it, which is really easier for both Congress and the administration to operate under. We agreed to 4 years, to July 1, 1965. It means that at that time we must look at it again.

Mr. CURTIS. What is the most liberal loan the FHA will insure if the conference report becomes law? What is the most liberal loan they could insure?

Mr. SPARKMAN. There are programs which are affected by the law and that are already established under which they can insure up to 100 percent.

Mr. CURTIS. For how long a time?

Mr. SPARKMAN. For 40 years.

Mr. CURTIS. That is under existing law?

Mr. SPARKMAN. Yes; under the law that was passed in 1954, when the Senator from Indiana [Mr. CAPEHART] was chairman of the committee and when the Republicans were in control in Congress.

Mr. CURTIS. Has that provision expired?

Mr. SPARKMAN. No.

Mr. CURTIS. Why was the new provision needed?

Mr. SPARKMAN. The particular program that I have reference to is only in the urban renewal areas, or for persons who have been displaced by reason of urban renewal and other government action.

Mr. CURTIS. In other words, this is something of a special program for people who are displaced by action of the government at some level.

Mr. SPARKMAN. Yes.

Mr. CURTIS. But it has not been available to the general public.

Mr. SPARKMAN. Well, immediately not, but if it is not used by these persons within 60 days, it became available to them.

Mr. CURTIS. Not to be argumentative, but merely to clear up the RECORD, and for public information, what is the most liberal loan that can be insured for someone in the so-called moderate income group if the conference report becomes law?

Mr. SPARKMAN. Ninety-seven percent.

Mr. CURTIS. At what rate of interest?

Mr. SPARKMAN. The regular rate of interest.

Mr. CURTIS. Is that rate fixed by Congress?

Mr. SPARKMAN. A good many years ago Congress, by law, set the maximum at 6 percent.

Mr. CURTIS. Suppose a friend or an interested party, or even a relative, wished to make a loan at 2 percent. Is there any law or regulation to prevent the FHA from insuring that loan?

Mr. SPARKMAN. No; the FHA simply places a ceiling. It does not state what the rate must be. It places a ceiling.

Mr. CURTIS. A person can buy a house for 10 percent down, and in the 3 percent certain expenses may be included to close the loan?

Mr. SPARKMAN. They may be.

Mr. CURTIS. On an average, what would they amount to?

Mr. SPARKMAN. We usually use the figure of \$200. As the Senator well realizes, the figure may vary from State to State or from locality to locality.

Mr. CURTIS. How expensive a house can be purchased?

Mr. SPARKMAN. Not to exceed \$15,000.

Mr. CURTIS. Over how many years can the loan be paid off?

Mr. SPARKMAN. The maximum is 40 years; the basic is 35 years.

Mr. CURTIS. How would someone secure the maximum rather than the basic?

Mr. SPARKMAN. If he did not have sufficient income to justify incurring the obligation of making monthly payments for the basic number of years.

Mr. CURTIS. So conceivably a person in the modest income category, but not in the lower brackets, might possibly qualify for the 40-year loan, while a person in the upper brackets would qualify for the 35-year loan.

Mr. SPARKMAN. That is exactly correct.

Mr. CURTIS. How much public housing is provided in the bill?

Mr. SPARKMAN. We simply put back into effect the 1949 act. In that act there was authorized Government participation to expend, in round numbers, not to exceed \$336 million a year. About \$257 million of that has been used. So about \$78 million is left.

Mr. CURTIS. I am aware that as to insured loans, we do not know until a loan has been paid off whether there is any obligation on the Government. In a part of this program there is a necessity for an authorization for expenditure. If the conference report becomes law, what will it cost the Treasury to carry it to fulfillment?

Mr. SPARKMAN. The Senator from Nebraska has asked a question which has been dealt with perhaps more than any other question. It is difficult to give an answer. I think the Senator from Connecticut [Mr. BUSH], will agree with that. He placed in the RECORD a few minutes ago a table which shows his interpretation of what the cost will be. The reason I say it is difficult to give an answer is that some programs are single-year programs; others are for varying duration. For instance, the college housing program runs for 4 years. The urban renewal program does not have a set time, but it is estimated that it will run for 3 years. The amount provided in the bill is for a period of 3 or 4 years.

The farm housing program is extended for 5 years. Some of the other programs I could name would have other periods of duration. So the Senator realizes the difficulty of providing an accurate answer.

Mr. CURTIS. I call attention to the fact that it is the responsibility of the Committee on Finance to recommend the enactment of tax laws. I hope the Senator from Alabama and the Senator from

Connecticut will not be too far apart in their estimates, so that the committee will not be left confused as to the amount of money which is authorized to be spent.

Mr. SPARKMAN. I gave the Senator from Nebraska my figure. I dare say that if we take into consideration the term of the program, the Senator from Connecticut and I will not be too far apart. The regular HHFA program calls for an authorization of \$4,645 million, not including public housing.

Mr. CURTIS. It is \$4,645 million over what period of time?

Mr. SPARKMAN. This is bringing them all together. In other words, if there is a 4-year program, the whole amount is figured in. For instance, for college housing loans, the bill provides a 4-year program. The total amount is \$300 million a year. I think it is a \$1,200 million program.

The two largest items are college housing loans and urban renewal grants. For urban renewal we have provided \$2 billion. It is anticipated that that program will run between 3 and 4 years.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. BUSH. The authorization for FNMA is the second largest, at \$1,500 million.

Mr. SPARKMAN. Of course, there is a \$200 million item which is not new money or a new authorization; it is simply a transfer.

Mr. CURTIS. Mr. President, will the Senator from Alabama yield to permit the Senator from Connecticut to place his figure at this point in the RECORD?

Mr. SPARKMAN. He has already done so.

Mr. CURTIS. His figure according to the definition of time of the Senator from Alabama.

Mr. SPARKMAN. The Senator from Connecticut has the same figure. I dare say that with respect to college housing loans he has the figure of \$1,200 million, and on urban renewal he has the \$2 billion figure.

Mr. CURTIS. What does the Senator from Connecticut contend the bill would cost, if enacted?

Mr. BUSH. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. BUSH. My total figure is \$5,853 million, as against the administration's request of \$4,247 million.

Mr. CURTIS. Will the Senator from Alabama state his figure?

Mr. SPARKMAN. My estimate, including all programs, is: First, HHFA, \$4,645 million. But when we add the authorizations for farm housing and defense hospital construction, and aid to displaced business concerns under the Small Business Act my total is \$4,886 million. Small business is not a part of housing, but since small businesses are pushed out of road construction, urban renewal programs, we amended the Small Business Act to permit the Small Business Administration to make loans. That carries \$25 million in loans. It is not a part of housing at all. I do not have the extra authorization for FNMA

included in the \$4,886 million figure. That is the real difference between our figures.

Mr. BUSH. And farm housing.

Mr. SPARKMAN. Yes; I have farm housing: \$200 million.

Mr. BUSH. The conference report calls for \$407 million.

Mr. SPARKMAN. But authorization for \$207 million already exists. The conference added \$200 million.

Mr. BUSH. The conference report calls for a total of \$407 million.

Mr. SPARKMAN. But not \$407 million of new money. \$207 million was already in the program. The conference committee increased the amount by \$200 million.

Mr. BUSH. That is correct; but the total now available, counting the \$207 million now in the program, is \$407 million.

Mr. SPARKMAN. Yes, but the \$207 million is already in the program.

Mr. BUSH. I know. I am talking about funds in the bill which are available for use. They amount to \$407 million.

Mr. SPARKMAN. I do not believe the Senator would admit that that is a correct figure.

Mr. BUSH. Would the item have expired if it had not been extended?

Mr. SPARKMAN. No.

Mr. BUSH. The money was there to be spent.

Mr. SPARKMAN. It would have expired when the farm housing program expired.

Mr. BUSH. At what date?

Mr. SPARKMAN. It would have expired on June 30.

Mr. BUSH. So \$207 million is being renewed, and \$200 million is being added, for a total of \$407 million.

Mr. SPARKMAN. If that is done, we can follow the same reasoning for urban renewal and college housing; but we are talking about new money.

Mr. BUSH. We agree on the figure.

Mr. SPARKMAN. We are fairly close together.

Mr. BUSH. That is correct.

Mr. SPARKMAN. There is another provision in the report. I shall not discuss it at length. The distinguished Senator from New Jersey [Mr. WILLIAMS] is in the Chamber. The Senate passed the urban transportation program and provided \$100 million for loans and \$50 million for grants.

The House did not pass the proposal, but had taken up the matter as a separate bill, and actually began to hold hearings yesterday morning. The hearings were held during the morning. The facts were presented, and the chairman of the subcommittee which held the hearings was a member of our conference committee, and attended the conference yesterday afternoon, and recommended that the House agree to the inclusion in the conference report of provisions for an urban transportation program which would be materially less than the one for which the Senate had voted. That was agreed to by the conferees. Therefore, the conference report contains those provisions for an urban transportation or mass transportation emergency pro-

gram of not to exceed \$50 million in loans and \$20 million in grants.

Mr. WILLIAMS of New Jersey. Mr. President, will the Senator from Alabama yield?

The PRESIDING OFFICER (Mr. BARTLETT in the chair). Does the Senator from Alabama yield to the Senator from New Jersey?

Mr. SPARKMAN. I yield.

Mr. WILLIAMS of New Jersey. In connection with the mass transportation provisions, let me say the Administrator of the Housing and Home Finance Agency, who testified yesterday before the House subcommittee, expressed the strong support of the administration of the program which was accepted by the conference committee.

I should like to ask to have printed at this point in the RECORD the testimony of Dr. Weaver on this matter.

Mr. SPARKMAN. I shall be glad to have that done; that will be very fine.

Mr. WILLIAMS of New Jersey. Then, Mr. President, I ask unanimous consent to have that testimony printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

TESTIMONY OF ROBERT C. WEAVER, HOUSING AND HOME FINANCE ADMINISTRATOR, HOUSING AND HOME FINANCE AGENCY, BEFORE SUBCOMMITTEE NO. 3 OF THE HOUSE COMMITTEE ON BANKING AND CURRENCY, JUNE 27, 1961

Mr. Chairman, members of the committee, I appreciate this opportunity to present the administration's views on proposed legislation in the field of urban transportation.

As many of our people now know from bitter experience, we are witnessing the demise of public transportation systems in many of our communities—large and small. Between 1945 and 1960, annual ridership on mass transportation systems declined sharply. In some 300 communities, mass transportation systems have been completely abandoned; in countless other places, service has been severely curtailed. Hardly a day passes that our Agency does not receive a phone call or letter from some desperate local official asking for help in saving the community's mass transportation system.

The pervasiveness and severity of the local transportation crisis stamp it as a national problem of considerable dimension requiring Federal attention.

The President recognized the gravity of the problem in his March 9 message to the Congress on housing and community development. He stated:

"Nothing is more dramatically apparent than the inadequacy of transportation in our larger urban areas. The solution cannot be found only in the construction of additional urban highways—vital as that job is. Other means for mass transportation which use less space and equipment must be improved and expanded. Perhaps even more important, planning for transportation and land use must go hand in hand as two inseparable aspects of the same process.

"But to solve the problems of urban transportation will test our ingenuity and put a heavy drain on our resources. While the responsibility for working out these solutions rests primarily with local government and private enterprise, the Federal Government must provide leadership and technical assistance."

Pursuant to the President's instructions, the Secretary of Commerce and I have initiated a joint study to develop long-term solutions to our urban transportation prob-

lems. This study is being conducted by the Institute of Public Administration, a well-known nonpartisan and nonprofit research and educational organization.

On June 19 the President transmitted a bill to the Speaker of the House to be known as the Urban Transportation Act of 1961. The President's memorandum to the Speaker, accompanying this bill, took note of the study now underway and instructed me to prepare long-range legislation on urban transportation for consideration by the Congress at the opening of the second session of this Congress.

At the same time, the President recognized the current emergency now confronting many localities in different parts of the country. The administration would therefore set into motion at once planning studies aimed at long-term solutions and demonstrations devised to test various methods of shoring up, strengthening, and improving existing mass transportation systems. Planning studies would be financed by means of the proposed expansion in the section 701 urban planning assistance program. Demonstrations would be undertaken under proposed new authority. For example, grants could be made to help determine the effect upon the cost and utilization of mass transportation if service frequency or speed were increased or transfer privileges made available. Experiments to test the effect upon mass transportation patronage of various types of regulation of highway traffic would also be eligible.

In view of the grave situation facing certain communities, it is essential to authorize loans to prevent the collapse or atrophy of individual local transportation systems.

The administration believes that if such loans are authorized, there must be assurance that Federal aid will contribute to the long-term solution of the transportation problems. In many places, transportation is not a strictly local but an areawide problem.

In such areas, investments in transportation systems should be based upon areawide development plans. Therefore, the administration strongly recommends that any loans by the Federal Government for urban transportation be conditioned upon the existence, or the active preparation, of an areawide overall plan. Furthermore, in order to permit the introduction of long-term solutions, such a loan program might well be considered as a stopgap measure with a 1962 cutoff date. This is in line with the suggestion offered by the President in his June 19 letter to the Speaker of the House.

The administration recommends that the existing urban planning grant program carried on in the Housing Agency be used to provide grants for transportation planning. Grants should be specifically authorized for mass transportation surveys, studies, and planning. The Housing Administrator should be authorized to provide technical assistance to localities undertaking comprehensive urban transportation planning, and he should be authorized to make studies and publish information on related problems. His authority should be broadened to make clear that grants can be made to authorize public bodies other than official planning agencies where the Governor and the Administrator agree that such grants are desirable. The administration's recommendations for mass transportation planning are contained in H.R. 7787.

The administration recommends a program of grants for demonstration projects which will assist in carrying out urban transportation planning and research, including the development of general information on the reduction of urban transportation needs, the improvement of mass transportation service, and the contribution of such service toward meeting total urban transportation needs at minimum costs.

The recommendations of the administration in this regard are contained in section 303 of the Housing Act of 1961 (S. 1922) as passed by the Senate, with amendments to conform that section to similar provisions in H.R. 7787, and to reduce the authorized amount of grants to \$25 million.

To meet the urgent needs during the next year, including the time needed to formulate the definitive long-range recommendation now under study by the Housing Administrator and the Secretary of Commerce, the administration recommends a program of loans to public bodies to finance the acquisition, construction, and improvement of facilities and equipment for use, by operation or lease or otherwise, in mass transportation service in urban areas, and for use in coordinating transportation facilities in these areas. The administration recommends regarding these loans are contained in section 402 of the Housing Act of 1961 as passed by the Senate, but with several important changes. The amount authorized should be reduced to \$50 million, which we believe adequate for the limited program contemplated during this interim period. This program should expire on December 31, 1962. Authorized loans should be limited to the provision of facilities or equipment which can reasonably be expected to be required for a comprehensive and coordinated urban transportation system.

Mr. WILLIAMS of New Jersey. The President himself wrote to the Speaker of the House in regard to this matter; and I believe it would be very helpful to have the President's letter printed at this point in the RECORD.

Mr. SPARKMAN. Yes, and I shall be glad to have that done.

Mr. WILLIAMS of New Jersey. Then, Mr. President, I ask unanimous consent that the President's letter be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
Washington.

HON. SAM RAYBURN,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: As stated in my message to the Congress on housing and community development, "nothing is more dramatically apparent than the inadequacy of transportation in our larger urban areas." We are pledged to assist in the sound development of our cities, and believe Federal financial assistance should be provided to help plan and develop the comprehensive and balanced transportation systems which they so desperately need. Such assistance will not only directly benefit our cities, but will also make more effective use of Federal funds spent for other urban development programs.

As a first step, I am submitting with this letter a proposed bill to provide increased authority for Federal assistance to urban transportation planning. The assistance to be provided would include grants for surveys, studies, planning, and experimental demonstrations.

Because mass transportation is a distinctly urban problem and one of the key factors in shaping community development, the proposed bill assigns the administration of the program to the Housing and Home Finance Agency. This responsibility, together with the other functions of the agency, will be transferred to the new Department of Urban Affairs and Housing upon enactment of legislation which I have previously proposed.

Following the directive in my message on housing and community development, the Secretary of Commerce and the Housing and

Home Finance Administrator are undertaking an extensive study—due to be completed this fall—on methods and the extent of Federal financial assistance for the actual development and improvement of mass transportation systems. The proposed bill would require the Housing Administrator to submit to the Congress, early in the next session, a report and recommendation based on the findings of the study group. Non-Federal Government financing will have to provide the preponderant share of the new capital funds needed for mass transportation, and Federal assistance should therefore encourage and supplement rather than supplant such investment.

But the time required to complete the study and translate its recommendations into a legislative proposal should not be wasted. Enactment this session of the proposed bill will permit the planning and demonstration programs to be set up and will also stimulate urban areas to establish areawide agencies empowered to plan, develop, and operate transportation systems. These steps are essential to an effective transit program since two absolute requisites to Federal aid are (1) an approved comprehensive transit plan, and (2) the existence of a suitable organization representing all, or substantially all, of the local governmental units in the metropolitan area.

Although final decision on the exact nature of a Federal program of loans, loan guarantees, or grants for the purchase or modernization of transit facilities and equipment must await the results of this executive branch study, immediate emergency assistance to finance transportation equipment and facilities in a few metropolitan areas with especially urgent problems may be warranted to assure continuation of essential services. While Federal funds should not be used solely to salvage obsolete systems, emergency loans may be essential for projects found by the Administrator to be consistent with the probable comprehensive transit plan for the area, if financing is not available on reasonable terms from private sources or elsewhere in the Federal Government. Consistent with these strictly limited conditions, the Congress may wish to enact, as a part of the bill, a temporary 1-year authority for emergency loans.

Since the Senate has already concluded its consideration of the Omnibus Housing bill and has adopted an amendment containing a mass transportation program, I hope it will be possible for the House to hold hearings on the subject in order that a satisfactory program can be enacted during the current session.

Sincerely,

JOHN F. KENNEDY.

Mr. SPARKMAN. Mr. President, let me say to the Senator from New Jersey that these provisions, as agreed to by the conferees, are in conformity with the program which was recommended by the President and the administration.

Mr. WILLIAMS of New Jersey. Exactly, both as regards the policy and as regards the amount of money.

Mr. SPARKMAN. And they are also in conformity with the program recommended by the Subcommittee of the House Banking and Currency Committee, and recommended by the conferees, and agreed to by the House conferees, and accepted by the Senate.

Mr. WILLIAMS of New Jersey. The Senator from Alabama is exactly correct.

Mr. BUSH. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. BUSH. Let me say that the pending motion, if agreed to, could not affect adversely—and is not intended to do so—the amount agreed to by the conference committee for the mass transportation provisions.

Mr. SPARKMAN. Yes. Of course, I know that the Senator from Connecticut voted for that in the conference.

Mr. BUSH. That is correct.

Mr. SPARKMAN. And he was one of the original sponsors.

Mr. BUSH. That is correct.

Mr. SPARKMAN. And he supported it last year, and again this year.

Mr. BUSH. Yes, and I favor it.

Mr. SPARKMAN. Yes; and the Senator from Connecticut did a very good job in getting it acted upon favorably by our committee, and also here on the floor.

Next, Mr. President, I wish to discuss very briefly a matter to which I invite the attention of the Senator from New Jersey, because this was one of his projects. He introduced, originally, the proposed legislation; and it was through his influence that it was included in the House version of the bill. It properly belonged there, because it was a part of the program. He defended it very strongly here on the floor of the Senate; and the item was stricken out by the Senate by only a very narrow margin. It is the part which deals with the open space program, to assist—and I emphasize the word “assist,” and it will be only a small percentage of assistance—the cities in connection with this program. I think some persons have the idea that the Federal Government will buy all the land, but that is not true at all. The percentage of participation by the Federal Government will be only 20 percent to 30 percent, as I recall.

Mr. WILLIAMS of New Jersey. If the Senator will yield to me, let me say the Federal Government participation will be only 20 percent, unless the open space acquisition is for urban renewal as a whole—and then it could increase to 30 percent—or relates to land use and such open space is related to better planning in connection with our urban areas.

Mr. SPARKMAN. Yes, and I emphasize that. Many persons think the Federal Government is to make grants to cities, for the purpose of purchasing this land; but the participation by the Federal Government will only be to the extent I have stated; namely, between 20 percent and 30 percent.

Mr. BUSH. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. BUSH. Again I point out that the pending motion, if agreed to, would not change that part of the conference report, but would leave untouched the conference report figures.

Mr. SPARKMAN. That is true; and the Senator from Connecticut has been very active in connection with this matter, also.

Mr. WILLIAMS of New Jersey. In fact, if the Senator will yield, let me say the Senator from Connecticut has been an original sponsor and a “pusher” of that program.

Mr. SPARKMAN. Yes, he certainly has.

Mr. BUSH. I thank both Senators for their kind words.

Mr. SPARKMAN. Mr. President, it has been correctly stated that the veterans program has been taken out of the bill. Of course when the bill was under debate here in the Senate, it was stated then that that part would be taken out. That course has been followed during the past several years.

The bill was passed here on Monday. It went to the House; and the House accepted two of the amendments the Senate included, but declined to accept the third one, which now is at the desk, as I understand, awaiting further action. Nevertheless, it is not a part of this measure.

The pending measure contains many other items, but I shall not discuss these matters further at this time.

I believe it might be well for me to say that the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Virginia [Mr. ROBERTSON], the chairman of our committee, and the Senator from North Carolina [Mr. ERVIN] strongly supported a proposal relating to savings and loan associations. I shall not discuss that matter in detail now; it was discussed at that time. The Senate accepted it on a voice vote. The House did not have a similar provision in its version of the bill; but the House had taken up three savings and loan bills—which, incidentally, I had introduced in the Senate some time ago, and our committee would have taken them up and would have reported them favorably to the Senate, except for the fact that when we held our hearings some time ago, it was our intention to handle savings and loan legislation separately.

However, by the time the bill reached the House, it became apparent that that might not be possible. So the House incorporated in this measure the same three bills which I had introduced in the Senate. The House accepted our bill—in which the Senator from North Carolina was greatly interested, and which he introduced in the Senate earlier in the year; and we accepted the three bills the House had included.

Mr. ERVIN. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. ERVIN. I merely wish to say that all who are interested in the wonderful work being done by State development corporations owe a great debt of gratitude to the able and distinguished junior Senator from Alabama for the fight he has made, both on the Senate floor and in the conference, to retain what I regard as the very worthwhile provisions in this part of the bill.

Mr. SPARKMAN. I thank the Senator from North Carolina. I think it is good legislation. I thought it was good legislation when he and his colleagues proposed it here on the floor of the Senate, and I was glad to do what I could do make sure its approval.

There are other items in the conference report, but I shall not now take time to discuss them.

I do not see the Senator from Hawaii on the floor at this time; but we agreed to his amendment, which permits farm housing loans to be made, to farmers who have only a leasehold interest, under which so much of the land in Hawaii is held.

The pending measure contains many other provisions; but at this time I shall terminate my presentation.

Mr. JAVITS. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. JAVITS. First, let me say that I shall support the conference report, although I look with great regret—and I think all of us will have cause to regret it—on the fact that the conference report does not include a middle-income housing program which would not require the Federal costs which are called for by this report. I think that is a shame.

But I am so very much in favor of a middle-income housing program that, notwithstanding that deficiency of the report, I shall vote for it. But I deprecate that deficiency very greatly. As I have already said, I think those who favor, and who voted for, the New York plan, which I had the honor to present here in the Senate, will live to regret its omission. It would work as an economic balance system which would give the program validity and viability.

I know my friend, who is so gracious, will not find fault with that. It typifies what we ought to be doing. We ought to be bringing forth programs heavily based on the private enterprise system, and yet doing the job which the social needs of our country require to be done. It is in that spirit that I brought my proposal forward.

I say to my colleague what he would say to me. I hope his mind is not closed on it. He told me as much. He said, "You have to work on these things a long time." Knowing the amount for FNMA has been doubled, to a billion and a half dollars, I must say I am depressed that we have chosen the least desirable road and the most expensive road, when we could have done the job with \$100 million, as I had proposed.

Mr. SPARKMAN. May I say something before the Senator moves on to another subject?

Mr. JAVITS. Of course.

Mr. SPARKMAN. My mind is not closed at all. As I told the Senator the very first year he presented his program, I was very much impressed with it; and I am. As a matter of fact, there is a similarity between his plan and the bill I introduced in 1950, which was reported to the Senate, was debated here on the floor of the Senate, and failed of passage by only two or three votes, as I recall. There is a great deal of similarity between the two plans.

The Senator from New York has more selling to do, and I am in favor of his doing it. I suggest to him that he discuss this proposal privately and at length with the head of the Housing and Home Finance Agency, or perhaps some day when things get a little quieter

than they are now, he may sit down with the President and discuss it.

Mr. BUSH. Some enchanted evening.

Mr. SPARKMAN. Yes. I am very grateful to my musical friend—some enchanted evening. Is the song, "Do Not Wander Astray"? But I suggest that he sit down and discuss it with the President then.

It is a pretty complex structure. I think the Senator will admit it has got to be worked out carefully. I think it might be well to discuss it with the Secretary of the Treasury, or one of his aids, or the Director of the Budget. I think there is a good deal of selling to be done yet before we are ready to enact it into law. But I do not close my mind to it.

Mr. JAVITS. I thank the Senator.

Mr. SPARKMAN. With respect to FNMA, I may say that not a single dollar of FNMA money is earmarked for this program. What we do is make these funds available for the President's assistance program. By the way, \$200 million of the fund was already available. It is not new money. It is money that has already been authorized. We are simply transferring it. We make it available for the President's assistance program. Of course, as the Senator knows, the President may use it. There are certain programs that call for special assistance. For example, housing for the elderly, urban renewal housing and section 221 housing for displaced persons is eligible for special assistance, and several others I could name, by act of Congress.

Furthermore, the President is empowered, within his discretion, to pick up any program he wants to and term it as requiring special assistance. He does so when there is a program that he feels is needed, but which requires some help to get it "off the ground." It does not happen too often. This money goes into his special assistance fund, and is not earmarked for any particular program, and would not necessarily be used for the new program established by this bill.

Mr. JAVITS. Nevertheless, it could be used for that purpose.

Mr. SPARKMAN. Within the discretion of the President.

Mr. JAVITS. I have another question. I notice the conference committee took out of the bill the Senate provision for enlarging the extender funds. I refer to the extender fund in excess of the 12½-percent limit. I understand the reason for that action was that, with the new authorization, without fixed date, there would be considerable resources available for urban renewal and that situation might go on for a year or two. I agree. I understand that—

Mr. SPARKMAN. Mr. President, may I say something right there?

Mr. JAVITS. Yes.

Mr. SPARKMAN. I think the conferees were unanimous in the view that, if the situation should get to a point where help was needed, which I think the Senator from Connecticut will agree with me we discussed in conference, and if New York, or any other State, reached

the point where help was needed, we could help those States quickly.

Mr. JAVITS. I am delighted to have that statement.

Mr. SPARKMAN. This action was not taken out of any unfriendliness to New York, which has done such a wonderful job in urban renewal. It was due to the feeling, and the assurance from the administration, that it was not needed.

Mr. JAVITS. The only other point I wish to raise, which is somewhat along the same line, is that I notice the conferees were willing to take off the \$3,000 ceiling for relocation of small businesses, but were not willing to take off the ceiling of \$200 for relocation of families. I know that was done because of the feeling that, on the average, the costs did not come up to \$200, although we have heard of cases which had exceeded that cost. Would my colleague feel that in that case, too, should it appear that, because of increased costs or because of the feeling that certain elements should be included in relocation costs, it would be an open subject, so that if we had a case, we could get relief?

Mr. SPARKMAN. I think that would be true, although that does not apply to a single State, as it did in the other provision. The Senator knows of the formula which we worked out, which is very good. The provision in the Senate bill would have required the local communities to share the cost above the ceiling in existing law.

Mr. JAVITS. Yes, I know of it.

Mr. SPARKMAN. It was called to our attention that only a small number of States, probably 18, could take advantage of this provision, and that the great majority of the States—and I am rather of the opinion that that majority included New York; I know it included Alabama; I think it included Connecticut—because of their enabling acts for urban renewal, could not have this made a part of the local costs. As the Senator recalls, the provision that the excess be made a part of the local costs could not be taken advantage of by a large majority of the States.

If the Senator wants to look into it, the names of the States are listed at page 910. It could not be done in New York.

Mr. JAVITS. There are two points to be made in answer to that statement. We pass many laws as to which we expect States will conform. We did that in the Kerr-Mills Act.

Second, we could have done the same with reference to the \$200 allowance that we did with the \$3,000 allowance, and take the ceiling off, with the Federal Government paying the excess cost.

However, one is not going to try to overturn the conference report on that basis alone. I will content myself with the assurance that the door is open if we can really prove our case.

Mr. SPARKMAN. The Senator knows that is a troublesome problem. We have made changes every 2 or 3 years. I think, until something can be worked out to cover everything, we shall have to follow this procedure. The Senator

is familiar with the bill I introduced, S. 671, which I believe is before the Committee on Government Operations, which provides for a uniform system of condemnation of the property the Government takes.

Mr. JAVITS. If the Senator will allow me to interject, I think that brings us to the question which came up the other day in respect to highways, when there is highway displacement of families with no relief provided.

Mr. SPARKMAN. Yes.

Mr. JAVITS. In view of the fact that the problem has been relegated, as it were, to the housing bill, I hope very much my colleague will give sympathetic consideration to that problem.

Mr. SPARKMAN. S. 671 would be the answer. I hope the Senator will speak to the chairman of the committee and get action on the bill right away.

Mr. JAVITS. It is my own committee, and I shall speak to the chairman.

Mr. SPARKMAN. I thank the Senator.

Mr. President, I yield the floor.

Mr. MONRONEY. Mr. President, I am terribly disappointed in what I understand to be the provision of the conference report on the very hard-fought no-downpayment 40-year provision in title I of the act, which a majority of the Senate voted against.

As Senators will recall, a majority of the Senate voted to kill the action. A compromise was quickly put together in which it was agreed to require a downpayment. The downpayment, small though it was, was to be 3 percent on the first \$13,500 mortgage under the new so-called moderate-income housing. It was to be a 3-percent provision in addition to closing costs.

I should like to ask my distinguished friend the Senator from Alabama, the chairman of the Housing Subcommittee, if this was not the compromise which was offered the Senate which resulted in the Senate making a reverse turn and rescinding the action taken in killing that section of the bill.

Mr. SPARKMAN. The Senator is correct.

Mr. MONRONEY. Will the Senator give me some further information? The conference report does not provide for an actual 3-percent downpayment, as the compromise by the Senate to reinstate the section provided. The 3 percent would include the closing costs under the conference report?

Mr. SPARKMAN. It may include them.

Mr. MONRONEY. It may include them. The Senator and I both know that if "it may include them," it will include them, because very few home buyers wish to absorb that amount in addition to whatever is the minimum downpayment.

Mr. SPARKMAN. I do not think that necessarily follows. I believe I am correct in this statement, although I recall it from memory. The Senator knows that we have a no-downpayment program under the Veterans' Administration on the guarantee loans. That has not always been true. There have been times when a downpayment was re-

quired. If I remember correctly, at times that downpayment has included the closing costs, and at other times it has been exclusive of the closing costs.

I think this will depend somewhat upon the policy set by the Housing Administrator and the regulations which are prescribed.

Mr. MONRONEY. So far as the exercise of congressional power is concerned, the report provides that the closing costs can be included in the 3-percent downpayment.

Mr. SPARKMAN. The Senator is correct. That was the House provision.

Mr. MONRONEY. I realize that.

Mr. SPARKMAN. I do not think the Senator from Oklahoma was in the Chamber at the time I explained that the issue on which there was the hardest fight was the 40-year program. We fought that out on the floor of the Senate, with the downpayment provision, and we won by a close vote after a hard fight.

In the House, it had been agreed to lower the term of the program to 35 years, with the downpayments which are carried in the conference report. That was agreed to ahead of time.

Frankly, I said very clearly to the conferees at the beginning of the conference that so far as the 40-year program was concerned, I felt the Senate must insist on its provision. The House, on the other hand, felt it was bound to insist on the 35-year provision.

There were four items: Downpayments on the housing under the new program, the length of the term of the mortgages, downpayments on the regular FHA section 203 loans, and the length of the term of the mortgages for that. We held those four back. As the Senator knows, they all fall in the same general category. We held them to the last. That was the last item decided. We wrangled over the four of those at quite a length.

We finally reached this compromise—and it was a compromise, on both sides. The House gave up its strict adherence to the 35-year provision and agreed to what amounted to a 40-year provision for the lower income people.

The Senator will remember that a lot of the debate in the Senate, as was true in the conference committee, was based on the fact that the way the bill was written the provision was thrown open for everybody. That was correct. There was not any argument about it, although that was not our wish.

I feel that the solution we reached on the 40-year proposal is a very good one. The House conferees were willing to accept that, provided we would take the downpayment conditions of the House, and we traded out on that basis.

The Senator has been in enough conference committees to know how those things occur.

Mr. MONRONEY. I have served on many conference committees, but I deeply regret to find the distinguished conferees on the part of the Senate have brought back a bill which, in my considered opinion, based upon some 23 years of experience in working rather intimately on Banking and Currency

Committees of the House and Senate, combines the worst features of both bills.

The worst feature of the 3-percent downpayment, which the Senate mandatorily adopted, is brought to us. People who buy \$13,500 houses would have put up some equity money under the Senate provision. I find that in spite of the Senate action requiring a 3-percent downpayment plus the closing costs, which ordinarily are about \$200—which would have meant a \$500-plus downpayment—we are now presented a bill which would require that a person buying such a house have not more than \$150 genuine equity on a \$13,500 house. So we lose.

I think the conference committee has brought back the worst feature of the protection in the Senate bill.

The House had a protective device. We fought hard all one evening until 2 o'clock in the morning in the Senate, to reduce the extra long 40-year term for moderate housing to 30 years. We were defeated in the Senate. This was a bitter blow to me and to those of us who thought the FHA should not depart from reality, should not cut loose the guy wires from a sound financial basis.

Instead of staying with the House plan, now we are asked to go to complete and total Government investment in housing on an overall 40-year basis, the bonds for which even the committee admits cannot be expected to flow into the normal bond-buying channels. They would all be lead balloons, sitting for 30 years in FNMA, because no buyer in his right mind would invest insurance money, trust fund money, or other capital in them.

A complete 100-percent Government investment in the mortgages, which would remain for 30 years, is provided. Instead of trying at least to support the 35-year payout term, which the House in its wisdom reduced from a 40-year term, we are now told, "It is a sort of hybrid of 35 years or 40 years."

I look for information on page 48 of the statement on the part of the House managers of the bill. I know that statement is not binding on the Senate. But the last paragraph states:

The conference substitute makes no change in the 40-year term now in existing law for displaced families.

The provision was not under attack. We do not want to change that rule. The housing referred to is substitute housing for people who must find new housing because of Government action in urban redevelopment. But then the statement continues:

For new construction for moderate income families, the substitute provides a 35-year maximum maturity except that in hardship cases the Commissioner is authorized to permit an additional 5-year term up to 40 years—

Mark this language—where the buyer cannot meet the monthly payments under the shorter term.

How many cars is the mortgagor paying for? What are his commitments on other commodities, while the Government waits for an additional 5 years? No test of inability to pay is

written in the report. The homeowner could have more equity in his compact American car in 2 years than he would have in his home in 20 years under the conference report that is brought here under the guise of free enterprise housing.

It seems to me that the Senate bill, though a very weak measure, permitting a 3-percent downpayment on a \$15,000 house for 40 years, was bad enough, but then we got the provision for a downpayment of 3 percent plus the closing cost, which meant that \$500 in cash had to be paid down.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. MONRONEY. Permit me first to finish. The House took out that provision and said:

We must count the closing cost, so the equity will be \$150.

Then we moved from the 35-year limit to the 40-year limit without any clear-cut definition of those who would be qualified for such longer term loans, so that the obligations of people who wish hi-fi sets, automobiles, and easy-term trips back to see the old folks in Europe, would come ahead of obligations to Uncle Sam; and if such people could not meet the 35-year term, they could be given carte blanche a term of 40 years.

The Senator from Alabama and I know that if that figure in the end is the maximum limit, it will apply under the present administration of the Home Loan Finance Agency.

I yield to the Senator from Alabama.

Mr. SPARKMAN. I was about to suggest to the Senator from Oklahoma that it was the duty of the Senate conferees to do their best to maintain the Senate position. Would the Senator have preferred our bringing back the provisions of the Senate bill in their entirety with reference to 40-year mortgages instead of the provisions of the compromise contained in the conference report?

Mr. MONRONEY. A razor-edge vote occurred that night in the Senate. I believe the margin was six votes. I have served on conference committees for many years, as has the distinguished Senator from Alabama. Judging from the vote, it would have been perfectly in keeping with comity between the two Houses to say, "If you will accept our 3 percent down plus closing costs, we will accept your 35 years." Under such circumstances, I think any Senator who has served on a conference committee would have thought he had brought back a well balanced program and a quid pro quo.

But when a conference report that incorporates the weak side of both positions is accepted, I do not think it is a report which represents the best possible compromise that could be obtained. I believe that the Senate conferees endeavored to obtain the easiest possible terms for the longest period of time at the lowest possible downpayment, which was the original position of the committee. I do not believe the conferees were compelled by the Senate to support that position after the Senate action.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. SPARKMAN. I have a very high regard for the Senator from Oklahoma. I have followed him many times. But I do not believe he is being quite fair in saying that the Senate conferees did not fight for the position of the Senate. We did.

Mr. MONRONEY. I did not mean to make such a statement.

Mr. SPARKMAN. At the very beginning of the conference I said to the conferees:

This is something that we have fought hard over. You did not fight in the House to cut the term down to 35 years. You conceded the point even before taking up the bill. But we fought for it. We had only the one adverse vote, which we reversed by including the downpayment, but remember that while that amendment was pending, four other amendments came up, and we won all of them. In other words, out of six votes on the amendment, the Senate voted five times in favor of maintaining our position.

Mr. MONRONEY. But the majority—

Mr. SPARKMAN. I know it was a slim majority. Nevertheless, it was a victory. It may have been a slim one. The University of Oklahoma has won a good many football games by a single point. No one then said, "What a loss." Not at all. It was a victory, and Oklahoma received the national crown because of those victories.

I said to the conferees:

We cannot give up on the 40-year provision.

Furthermore, my friend from Connecticut [Mr. BUSH] will recall that at one time I said, "If you are to insist upon our backing down on our 40-year program, there is no need to continue this conference. We might as well close it right now." Then it was that we passed over the four items, and the suggestion was made that we might find some way to adjust our differences. The proposal was made to us by the House, and after considerable discussion we voted to accept the House proposal, which in effect accepted our 40-year term proposal for the poor folks—not for everyone, but only for the poor folks. The term for everyone was fixed at 35 years. In turn we refused to go along with the 40-year extension of the regular FHA mortgage under section 203. Strangely, not a single voice in the House was raised in opposition. The House was for extending to 40 years the term on the regular FHA program for high-priced homes. The House passed that measure, providing for payment in terms up to 40 years, without a single word of opposition.

I am glad to say that a half-dozen 40-year programs on housing have been passed in the Senate without contest. But when we bring in a measure for moderate-income people, everyone is stirred up about it.

But we won. When the House conferees made the proposal that gave us, in essence, what we really wanted, which was a program limited, so far as the 40-year term was concerned, to the poor

folks, though not poor in the way I used to interpret the term—

Mr. MONRONEY. The middle income people.

Mr. SPARKMAN. The moderate income and low middle-income people.

Mr. MONRONEY. The Senator confuses the point.

Mr. SPARKMAN. When I say "the poor folks"—

Mr. MONRONEY. The Senator means most of the folks.

Mr. SPARKMAN. I mean the great mass of folks.

Mr. MONRONEY. That is it, because if we refer to the middle income families, we must refer to more than half the people in the United States.

Mr. SPARKMAN. I refer to them as the low middle-income group.

Mr. MONRONEY. But the report does not so state. It states "middle income."

Mr. SPARKMAN. Yes; but the provision in the bill specifies that basically the term is 35 years, which term may be extended not to exceed 5 years in cases in which the income is so low that the people cannot qualify.

Mr. MONRONEY. Mr. President, will the Senator tell me where I can find that definition? I have been trying to find it. All I can find is a provision that such people would not have quite enough money to meet conveniently the 35-year term. As nearly as I can tell, applicants would not be required to reveal payments they must make on hi-fi sets or on trips to Europe on a time payment basis, or anything else. To say that it is merely inconvenient for a person to pay out in 35 years does not appear sufficient.

I am still looking for the definition.

Mr. SPARKMAN. On page 4 of the conference report under subsection (6) (ii) there appears this:

Thirty-five years in the case of any other family if the mortgage is approved for insurance prior to construction, except that the period in such case may be increased to not more than 40 years where the mortgagor is an owner-occupant of the property and not able, as determined by the Commissioner, to make the required payments under a mortgage having a shorter amortization period.

The Senator knows that in the FHA operations over the years we have had the regular policy and regular program whereby the amount of income of a person is taken into consideration, and a slide rule is placed beside it to see whether it will support a mortgage requiring a certain payment every month. The same slide rule will operate which operates under the regular FHA programs. We simply provide that where the income is less than will enable the buyer to meet these requirements he may receive consideration for a longer term than 35 years, but in no event more than 40 years.

Mr. MONRONEY. The bill does not say anything about income. It says that the Commissioner may determine it; "as determined by the Commissioner, to make the required payments under a mortgage having a shorter amortization period."

There is a great deal of difference between having income committed on

various purchases and on various costs and prescribing an income level. I am not distrustful of the Commissioner. This is the Commissioner's baby. This is what he wants. He wants it badly, and he wants it to succeed. I am sure that, when middle-income families comprise more than half the people of the United States, very few of them are going to tell the Commissioner or his agent that they can pay for these mortgages in 35 years instead of 40 years.

Mr. SPARKMAN. FHA has functioned well for nearly 30 years.

Mr. MONRONEY. Because the law has made it function.

Mr. SPARKMAN. The law has been no more specific than is the law we propose. In fact, this is in line with the regular FHA programs.

Mr. MONRONEY. I beg to disagree with my distinguished friend and colleague, the chairman of the subcommittee, because the terms have been fixed at 30 years.

Mr. SPARKMAN. I am talking about the ability.

Mr. MONRONEY. It has been fixed at 30 years except for special cases, such as those of displaced persons and others.

Mr. SPARKMAN. I am talking about the ability to meet payments. The provision in the conference report is just as specific as it is under the present law.

Mr. MONRONEY. What is the number of housing units under the bill that will be permitted under this section; not for displaced persons but for all the others.

Mr. SPARKMAN. This is not limited. This is an FHA insurance program.

Mr. MONRONEY. Then this is not a trial run, as we were told.

Mr. SPARKMAN. It is limited, of course, to 2 years; yes.

Mr. MONRONEY. Two years. It is not limited as to number?

Mr. SPARKMAN. No.

Mr. MONRONEY. It is the same as for the conventional insurance loans that have been heretofore made, except in the case of old age housing and other special categories; in other words, this will take the same status, with the same authorization to move out in an unlimited number; and the fact that the press has said this is a pilot undertaking or an experimental program has nothing to do with the case. Is that correct?

Mr. SPARKMAN. I do not believe the Senator from Oklahoma should take such a dark outlook. I call his attention to the fact that in 1958 we passed an emergency housing bill. The Senator was helpful in passing the bill. He remembers it, I am sure. That bill provided for a billion dollars. We put a billion dollars into the program, and required FNMA to buy the mortgages at 100 cents on the dollar. We put a billion dollars into FNMA for that purpose. We did it as an antirecession measure.

As a matter of fact, during the 3 years which have elapsed since then that amount lacks \$200 million having been used up. It has been discontinued, but it lacked \$200 million being used up. People do not flock to these houses unless they really need a home. I do not believe it is going to be any runaway

proposition on this thing. There was not under the section 221 provision where we provided 100 percent with no downpayment.

Mr. MONRONEY. The reason I am fearful is because of the Government money that is involved.

Mr. SPARKMAN. Oh, no, no; there is no Government money in this program. This is FHA insurance.

Mr. MONRONEY. I know. However, the Senator and all his colleagues, when the bill was before the Senate, admitted frankly that the hope of finding outside buyers, other than FNMA, was nonexistent.

Mr. SPARKMAN. The Senator is confusing two programs. I have never doubted the ability to find money to take care of this program. As a matter of fact, under section 221 it was found to the extent of 100 percent. I am certain we will be able to find private money on this program. This is a safe and sound program. It carries the regular FHA rate of interest, $5\frac{1}{4}$ percent.

Mr. MONRONEY. But the security behind it is different.

Mr. SPARKMAN. The part we said the Government would have to get through FNMA was the below market rate housing, which is for low income people. However, I am confident that private money will be available for this program.

Mr. MONRONEY. I do not remember the Senator exactly saying that it would require 100 percent Government financing, but several members of the Senate who supported the program just as keenly as he did admitted frankly that there was no hope of these finding a market other than in FNMA. The distinguished Senator from Connecticut will verify that.

Mr. BUSH. Mr. President, if the Senator will yield, I would say that nobody can dispute the fact that none of these mortgages that bear the subsidized rate of $3\frac{1}{4}$ percent will ever find a lender in a private form.

Mr. SPARKMAN. That is what I say, but I say there is a confusion between the two programs. During the debate late in the evening I called attention to the fact that the two programs were being confused. There is a rental program with a below market interest rate which we admit is subsidized. It is only for rental property, and it provides for a rate of $3\frac{1}{8}$ percent at the present time. The Government would have to carry it. But on this program the regular FHA rate is provided.

Mr. MONRONEY. With no security behind the loan.

Mr. SPARKMAN. I also remember the argument of the Senator from Oklahoma that if we wanted to meet the problem we should lower the rate of interest.

Mr. MONRONEY. Yes.

Mr. SPARKMAN. Where would we get the money?

Mr. MONRONEY. If they are the types of securities that will move into the private market, the way to break down the money market is to put money into FNMA to pay the mortgages. We certainly do not want to load FNMA down with lead balloons, to sit there for

30 years, because there is no equity behind the loan. That is why I feel so strongly about this. FHA has made money for the Government and for itself, and has provided private capital with Government backing. Now it is to go out into the wilderness, under the guise of a New Frontier program. I believe in the New Frontier and in breaking into new frontiers. However I do not like it lost in a wilderness or morass of no downpayment, 40-year financing, when the Senator knows there is little chance that a \$13,500 house will even be standing at the end of 30 years, because the people who buy mortgages always look to inspection and quality and the equity of the buyer. I am sure the Senator would not want to tell the Senate that these no downpayment or almost no downpayment 40-year mortgages will sell as readily in the securities market as the 30-year more or less conventional FHA mortgages.

Mr. SPARKMAN. No; I never claimed that. I said the money would be available in the private market.

Mr. MONRONEY. At a substantial discount; that is the only way it can be obtained.

Mr. SPARKMAN. I differ with the Senator completely as to the quality of houses which are being built today. I know of many houses which are 40 years old or older. Furthermore, half a dozen 40-year mortgage plans are already operating. Some of them have been operating long enough to provide us with good experience. They have been successful; they have been good. They have found money in the private market. Their operation has been successful. The programs are working nicely.

I close on this one word to the distinguished Senator from Oklahoma, whom I regard as one of the ablest persons ever to have been a Member of the Senate.

Mr. MONRONEY. I thank the Senator from Alabama. I hold the same opinion of my distinguished colleague from Alabama.

Mr. SPARKMAN. I enjoy working with him, but I simply differ with him in the views he has expressed on this subject. I dislike so much to see him, who is usually, almost always, optimistic, bright, and cheerful, become so pessimistic and cynical regarding this program.

Mr. MONRONEY. I wish I could be optimistic; but in some way or other I can sense a bad business deal for the Government, a dangerous departure in a pattern of financing which has been the glory of the New Deal and the pride of the Fair Deal. I hesitate to see the New Frontier taking off in a direction which I feel will lead it into destroying that which it has inherited from the very liberal, progressive administrations in the past.

Mr. SPARKMAN. If the Senator will permit me to do so, and I apologize for interrupting him one more time, I should like to do two things. First, I remind him that when FHA was first created, 25-year mortgages were provided.

Mr. MONRONEY. They were 15-year mortgages at first.

Mr. SPARKMAN. The Senator recalls that commercial banks and other lending institutions generally did not like the FHA. There was a terrible time in this country. I remember it. It was before I came to Congress. But I remember the difficult time the country had in selling the FHA program to private financial institutions. Other new programs have come along, and they had to be sold.

But as time has passed, and the soundness of the plans has been demonstrated, the programs have sold themselves. I certainly feel that this one will do likewise.

A few minutes ago I was searching for the FHA regulations relating to the ability of purchasers to meet mortgage payments. The material to which I refer is regulation based upon the housing statutes and bear upon the proposal before us. I do not have the regulations, at this moment but I shall place them in the RECORD when I find them, if I may do so.

Mr. MONRONEY. I wish the Senator from Alabama would do so.

Mr. SPARKMAN. Mr. President, I have now located the information for which I was searching. I ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the excerpts from Federal Housing Administration regulations were ordered to be printed in the RECORD, as follows:

ADEQUACY OF EFFECTIVE INCOME FOR TOTAL OBLIGATIONS—MORTGAGE CREDIT ANALYSIS

71954.1 The purpose of analysis of the feature is to determine whether the mortgagor will have sufficient income to meet all his obligations, including housing expense, without materially impairing the family living standards. The analysis will also involve estimating the risk due to the degree of adequacy of his effective income for those obligations. The mortgagor's total obligations are considered because it cannot be assumed that any of his obligations, including the prospective monthly housing expense, will be given preferential treatment in the allocation of his income. If a mortgagor's income proves to be insufficient to meet all of his obligations, action in the form of a suit, or complaint to his employer by creditors, places all obligations in jeopardy. The result also might be loss of employment, thereby jeopardizing the mortgagor's entire income.

71954.2 Analysis of this feature includes consideration of the three elements, relation of prospective monthly housing expense to net effective income, relation of prospective to previous housing expense, and relation of total obligations to net effective income.

71955.1 Relation of prospective monthly housing expense to net effective income: One of the principal problems in mortgage credit analysis is to determine whether a mortgage obligation will be within the mortgagor's financial ability to pay. The rules of thumb, monthly mortgage payment should not exceed 25 percent of a mortgagor's income, and value of the property should not exceed 2½ times the mortgagor's annual income, have been demonstrated to be unreliable as criteria, and in fact, unsound in principle. Specific maximum ratios for all mortgagors are not practicable because of variations in local conditions, living standards, different family housing needs, and other conditions affecting ability to pay.

71955.2 A general principle to be followed is that the relationship of a mortgagor's prospective housing expense to net effective income should be kept within limits found to be favorable through experience in mortgage lending. Application of this principle requires reliable data with respect to ranges of housing expenses paid by mortgagors of different income groups. The type of data applicable to the problem is illustrated by chart U.S.-3 (not printed in RECORD) and table UA-100-12. (Revised 3-17-61.)

71955.3 Chart U.S.-3 shows relationships of dollar amounts of housing expenses for single-family dwellings to amounts of mortgagor's net effective income. (Revised March 17, 1961.)

Table UA-100-12.—Percentage of increased housing expense for purchasers of 2-family versus single-family dwellings for specific net effective monthly income

[In percent]

Net effective monthly income of mortgagor	Increased housing expense for—				
	Curve A	Curve B	Curve C	Curve D	Curve E
\$200-----	28.2	21.7	20.7	23.5	23.0
\$225-----	29.1	23.3	22.3	24.4	23.6
\$250-----	30.2	24.9	23.4	25.2	24.1
\$275-----	31.2	26.1	24.8	25.8	24.4
\$300-----	32.2	27.4	25.6	26.1	24.5
\$325-----	32.6	28.4	26.3	26.3	24.4
\$350-----	33.3	29.3	27.1	26.6	24.1
\$375-----	33.9	30.2	27.9	26.6	23.9
\$400-----	34.5	31.0	28.5	26.6	23.4
\$425-----	35.0	31.8	29.1	26.5	22.8
\$450-----	35.6	32.5	29.5	26.2	22.1
\$475-----	36.2	33.1	30.1	25.9	21.4
\$500-----	36.8	33.9	30.5	25.5	20.7
\$550-----	38.1	35.1	31.2	24.5	18.9
\$600-----	39.2	36.3	31.6	23.4	16.8
\$650-----	40.6	37.2	32.0	22.0	14.6
\$700-----	41.8	38.4	32.3	20.5	12.0
\$750-----	43.2	39.4	32.4	18.9	9.4
\$800 or more	45.0	40.5	32.6	17.0	6.6

71955.4 This chart was designed as a result of continuous studies of housing expense-income relationships for FHA insuring office jurisdictions. It is based on a national average of data compiled for all FHA jurisdictions. This national chart is placed in the Underwriting Manual for informative purposes and to illustrate the use of local charts in the various underwriting jurisdictions in which they are applicable. Charts, reflecting local characteristics with respect to housing preferences and requirements, utility and heating costs, maintenance, consumer spending habits, economic development, social structure and the like, have been compiled for each insuring office jurisdiction. The charts reflect the spread of housing expenditures by income groups over a period of several recent years and were subjected to statistical treatment to assure reasonable representation. They are frequently and periodically reviewed in the light of continuing FHA mortgage insurance experience and other data reflecting consumer spending patterns.

71955.5 The fallacy of arbitrarily establishing a fixed ratio as an upper limit in mortgage credit analysis or of using the rule of thumb which permits a monthly mortgage payment amounting to 25 percent of the borrower's income is demonstrated by the U.S. chart. The chart indicates that the percentage of income allocated to housing expense is not constant but declines as incomes rise. It does not necessarily indicate the upper limits that borrowers in the various income groups could pay for housing but it does indicate the maximums they are typically paying. As income increases higher living standards and other financial obligations may demand a larger proportion of the family budget. It is also evident, that, while a mortgage payment amounting to 25 percent of the mortgagor's income

might be a burdensome housing expense for the higher income groups, it could be too conservative even if burdensome for the lower income groups who do not have so wide a market selection.

71955.6 Table UA-100-12 shows the percentage by which housing expense in cases involving two-family dwellings has been found through experience to exceed housing expense in cases involving single-family dwellings for the monthly incomes listed. These percentages therefore should be used to adjust the curves on local jurisdictional charts covering single-family properties for the purpose of establishing guides to judgment and ratings in cases involving two-family dwellings. It will be noted that while the housing expense paid by owners of two-family dwellings was substantially more than the housing expense paid by owners of single-family dwellings, the increase was substantially less than the average rental for one apartment.

71955.7 It is well known that two-family dwellings are often sold on the basis of the assumption that the purchaser need be concerned only with his ability to pay the amount of the net monthly expense after deducting the rental of one apartment from the total monthly expense. It is sometimes assumed, for example, that if a mortgagor having an income of \$200 per month can afford to pay a monthly housing expense of \$70 for a single-family dwelling, he could then afford to pay a total monthly housing expense of \$120 for a two-family dwelling which brings in a rental of \$50 from one apartment. This extreme assumption, of course, is fallacious because such a purchaser would be taking a serious risk by not allowing for the possible effect of vacancies and collection losses upon his paying ability. These losses, when they occur, will tend to be concentrated over a period of several months. For this reason, the prudent purchaser of a two-family dwelling will try to limit the total housing expense to an amount that he will be able to meet for a period of at least 3 to 6 months in the event the income from the one apartment ceases.

71956.1 Use of charts in rating of risk: When using these charts as guides to judgment in mortgage credit analysis, the significance of the data, as well as the limitations, should be borne in mind. The large number of cases upon which the data are based includes cases representing a great variety of conditions with respect to other elements affecting ability to pay. Conditions pertaining to a mortgagor's standards of living, housing needs, and total financial obligations are not disclosed by the charts. It is reasonable to expect that favorable conditions with respect to these elements affecting ability to pay would be considerations which permitted some mortgagors to allocate relatively high proportions of their incomes for housing expense, while in other cases unfavorable conditions with respect to these elements would tend to limit the housing expense to relatively low proportions of income.

71956.2 Although the information given by the charts cannot be used as final criteria, they are a starting point in a logical analysis of a mortgagor's ability to pay. In a case under analysis it is possible to determine the relative position of the prospective monthly housing expense in comparison with the range in housing expense for the same income group in a large number of committed cases.

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71955.7-71956.2. Underwriting, home mortgages: While a tentative estimate of the risk may be made in this manner, final determination of the risk and the correct columnar rating can be made only after analysis of other elements affecting the

mortgagor's ability to pay. In cases involving acceptable secondary financing by elderly mortgagors such financing may create an additional burden with respect to the mortgagor's ability to pay. It is particularly important that the cash investments of mortgagors in this category are not placed in jeopardy because of overextensions of mortgagors ability to pay. The Mortgage Credit Examiner should carefully analyze such cases with respect to effective income, duration of income, employment and income stability when rating the sixth feature.

71956.3 It is important that the significance of all deviations above the indicated top range of housing expense be recognized. Generally it may be assumed that deviations are of progressively less significance as incomes increase. This is for the reason that borrowers in the upper incomes usually have a margin of safety in such incomes. This will possibly enable them to allot portions of their incomes to housing that may be somewhat above the maximums typically paid in their income group without material effect on the mortgage insurance risk of the transaction. In analyzing borrowers earning the lower incomes any deviation above the indicated top range of housing expense is significant. Borrowers in the low incomes usually must spend most of their earnings to meet their minimal economic needs—food, clothing, and shelter. It is not reasonable to assume that such borrowers can exceed the typical maximum amounts being paid for housing without adversely affecting amounts available for other necessities. In arriving at the tentative estimate of risk it is therefore important that full consideration be given to the expenditure characteristics attributable to the particular income group. (Revised March 17, 1961.)

71956.4 In general, transactions in which the prospective housing expense falls significantly above curve E should be recommended for rejection unless other favorable risk factors are present that tend to decrease risk to a point of acceptability. In the lower income groups any deviation above curve E is significant while for the middle income groups slight deviations may not be. For those in the upper income groups the significance of housing expense falling above line E diminishes as incomes rise. Examples of favorable compensating risk factors are as follows:

(a) A favorable relationship between previous and prospective housing expense together with a satisfactory credit record.

(b) Although previous housing expense is lower the borrower has demonstrated his ability to accumulate equivalent reserves.

(c) Substantial reserves for contingencies.

(d) The term of the mortgage is less than the maximum term permissible. This will constitute a compensating factor only when financing is readily available on the longer term and the housing expense in connection with the larger term loan is in acceptable relationship to the borrower's income.

(e) Income of a temporary nature which, while not considered effective, may be considered as available to meet short term non-recurring charges.

(f) The borrower receives benefits not reflected in effective income but directly affecting his ability to pay. (For example: Some companies provide automobiles available for the employee's personal use; members of the military receive medical and dental care, clothing, etc.). (Revised March 17, 1961.)

71956.5 After complete analysis, the tentative rating, as determined by comparing the prospective monthly housing expense with the data on the chart, is modified to reflect any increase or decrease of risk introduced by the additional risk considerations. For instance, if the prospective monthly housing expense indicates a tentative one-column rating, and analysis of the

other elements reveals conditions which increase mortgage risk, such as an unfavorable relationship between the mortgagor's prospective monthly housing expense and previous housing expense, or the existence of other obligations which are high in comparison with the obligations of mortgagors in the same income group, a reject rating would be warranted as the final conclusion. On the other hand, if the prospective monthly housing expense indicates a tentative reject rating, and analysis of other elements show conditions which decrease risk, a one-column rating of the feature may be warranted, provided the deviation from the top of the range of housing expense is not too great.

71956.6 Modification of mortgage amounts: When complete analysis of this risk feature produces a reject rating, the transaction should be examined to determine if a mortgage of a lesser amount could be recommended. A recommendation of this nature will be warranted only when it is apparent that the borrower has the financial ability to close the transaction in a satisfactory manner on the basis of the lesser mortgage loan. Under less favorable circumstances a rejection should be recommended without counterproposal. It is seldom that a reduction in mortgage amount of less than \$1,000 can be justified in this action. This is for the reason that reductions of less than \$1,000 usually produce differences in housing expense of less than \$5 and it is extremely difficult to make these fine gradations in ability to pay. For this same reason, reductions in excess of \$1,000 can ordinarily be rounded to the nearest \$500 multiple based on the mortgage applied for.

71957.1 Relation of prospective to previous housing expense: If a mortgagor has been able to maintain a satisfactory credit record while paying out of comparable income housing expense approximately equal to the prospective monthly housing expense in the case under analysis, the risk will not be affected. However, if, in addition to paying the same amount of housing expense, he was able to accumulate some reserves, or his effective income has increased; or if the prospective housing expense is substantially less than that which the mortgagor has been accustomed to paying out of an income comparable to the estimated effective income, a decrease in risk would be indicated. If a mortgagor has been able to barely meet his obligations out of income and has been unable to accumulate reserves and the proposed mortgage transaction involves prospective monthly housing expense substantially in excess of the amount which he has been paying in the past, the risk will be increased. A substantial increase in housing expense without a proportionate increase in a mortgagor's effective income usually requires a downward adjustment in his other living expenses, which in most instances is difficult for a mortgagor to make.

71957.2 The significance of a comparison of a mortgagor's prospective housing expense with his previous housing expense can be determined only after considering (a) the mortgagor's past paying record, (b) evidence of previous saving, if any, out of income, (c) changes that have recently occurred in the mortgagor's effective income, (d) changes that have recently occurred in the amount of other obligations of the mortgagor, and (e) the effect of any increase or decrease in housing expense on the amount of effective income remaining for other obligations and living expenses of the family.

71957.3 In instances where a mortgagor has not been accustomed to paying for housing or has been paying an abnormally low amount due to living with relatives, renting a room, or under conditions other than having an established home, the above comparisons of prospective to previous housing expense will be of little significance. Analysis

of other elements under this feature will then form the principal basis for the determination of the risk.

71958.1 Relation of total obligations to net effective income: Mortgagors having the same net effective income and the same amounts of housing expense may have different amounts of total obligations which will effect their financial capacity. The total obligations of a mortgagor include, in addition to the prospective monthly housing expense, other recurring charges such as State income taxes, retirement deductions, premiums on life insurance, and payments on loans and accounts. In some cases analysis of the previous two elements may indicate favorable relationships, but the burden of total obligations of the mortgagor may seriously affect his ability to pay.

71958.2 When a mortgagor's obligations other than housing expense are low and are expected to remain low in comparison with the amounts typically paid by mortgagors in the same income group, it is reasonable to conclude that he will be able to allocate a larger portion of his income for housing expense and mortgage risk will be decreased. If his other obligations are high in comparison with the amounts typically paid by mortgagors in the same income group, risk will be increased.

71958.3 A significant guide to the determination of risk under this element is to consider the adequacy of the amount which will remain available out of net effective income for the mortgagor's living expenses. While credit investigations of mortgagors cannot be expected to extend to the type of personal investigation that would be necessary to accurately determine amounts needed for living expenses, there are items of information from which conclusions may be inferred. The mortgagor's recently monthly rate of total earnings less the monthly amount previously paid for housing expense and other recurring charges will indicate the monthly amount which previously remained for living expenses and savings. This information, together with information as to the amount of total savings which the mortgagor has accumulated, frequently will provide a clue as to a mortgagor's approximate level of living expenses. Other pertinent information is the number and ages of members of the mortgagor's family, recent changes in size of the family, and a comparison of the mortgagor's effective income and value of his property with the family incomes and property values indicated on the valuation report to be typical of the neighborhood. The latter comparison will sometimes indicate whether there is a probability of an increase in the mortgagor's living expenses as a result of an attempt to adopt the higher living standards of neighbors having greater amounts of income.

71958.4 The fact that wife's income may be excluded from the estimate of net effective income does not mean that it must be totally disregarded in Mortgage Credit Analysis. When the wife is employed, although it may not be reasonable to predict that her employment will continue during the early period of mortgage risk, it is probable that she will continue working until current obligations of a nonrecurring nature have been paid. This fact should be taken into consideration in determining the adequacy of net effective income in relation to total obligations.

71958.5 When a mortgagor's statement shows that he owns mortgaged real estate in addition to the property involved in the case under analysis, a determination is made as to whether the total of the mortgage obligations is within the mortgagor's reasonable ability to pay. It is not valid to disregard the other mortgage obligations on the assumption that the net income from other real

estate owned by the mortgagor will always be sufficient to cover the debt service, or on the assumption that the mortgagor will sacrifice his ownership of the other real estate in the event the net income, at any time, should decline to less than the amount required to cover the debt service. Therefore, an important consideration is whether the mortgagor's effective income from sources other than his real estate provides sufficient reserve financial capacity to carry the obligations in connection with all of his real estate during periods in which there may be vacancies, collection losses, declines in the rentals obtainable, or increases in operating expenses. The degree of reserve financial capacity needed will vary, depending upon the ratio of the debt service to the net income from the real estate. As the margin between the net income and the debt service increases, the degree of risk will decrease.

71958.6. When the proposed mortgagor is a corporation, partnership operating under a trade name, or an individual operative-builder, the first two feature elements, relation of prospective monthly housing expense to net effective income and relation of prospective to previous housing expense, obviously do not apply, and the rating of the feature is based entirely upon analysis of the relation of total obligations to net effective income. A determination is made through analysis of the operating statement and balance sheet of the business, as to the adequacy of net effective income to liquidate all existing and proposed obligations. In cases involving single-family dwelling properties to be built for sale, acceptance of the risk is premised upon the expectation that all or most all of the cases, when closed for insurance, will have acceptable owner-occupant mortgagors. In these cases, therefore, the rating of the feature will reflect the probable degree of success which the operative-builder will have in marketing the properties to purchasers who will qualify as mortgagors, and his ability to meet all financial obligations until the properties are so marketed.

71958.7. Adequacy of net effective income for total obligations—three- and four-family dwellings—It is important that the investment aspect of the transaction be recognized in analyzing adequacy of income in transactions involving three and four units. This will preclude use of the housing expense chart which represent income and expense data for transactions involving single family properties only. The basic consideration in investment type transactions will be in a determination of the adequacy of the income from the property to support the debt service and all operating expenses. A significant guide for making this determination will be the ratio of debt service to net income. The borrowers' reserves and occupational income are considered from the standpoint of their ability to support the mortgage for relatively short periods when property income is curtailed due to vacancy and/or collection losses beyond the allowances therefor.

DETERMINATION OF NUMERICAL RATINGS OF RISK

71959 When the X marks have been recorded for all of the features on the rating of mortgagor grid, the indicated weights are copied in the rating column at the right. The sum of the weights in the rating column is entered in the space at the lower right hand corner of the grid and becomes the rating of mortgagor. If an X is marked in the reject column opposite any feature, the word "reject" is written in the rating column at the right. If any feature is ascribed a reject rating, or if the rating of mortgagor is less than 50, the word "reject" is written in the space at the lower right hand corner as the rating of mortgagor. A

reject rating necessitates a recommendation for rejection of the application for mortgage insurance.

JUDGMENT IN RATING

71960 When all entries in the rating of mortgagor grid have been completed, the mortgage credit examiner compares the calculated rating with his over-all opinion of the mortgage credit risk, formulated during his analysis of the conditions affecting the features. If the rating is not in accord with that opinion, the grid rating as well as the over-all opinion are subject to review, so that one or both may be modified to reflect the examiner's final judgment.

Mr. SPARKMAN. I think it is clearly in conformity with what is sought to be done in the conference report.

Mr. MONRONEY. This involves, fundamentally, a very limited accumulation of equity in a property which carries a very long-term mortgage commitment—40 years. I ask the Senator from Alabama if he knows of any securities of the U.S. Government, for which the full faith and credit of the Government is pledged, which have a term as long as 40 years.

Mr. SPARKMAN. No, I cannot say that I do.

Mr. MONRONEY. Does the Senator know of any debentures or types of bonds which are issued for development costs by such blue ribbon corporations as the American Telephone & Telegraph Co. or the electric utilities or other types of first-class business operations for a duration of as long as 40 years?

Mr. SPARKMAN. I do not consider myself qualified to answer the question. Offhand, I do not know of any.

Mr. MONRONEY. Neither do I, and I do not believe any other Member of the Senate does, unless it is the distinguished Senator from Connecticut [Mr. BUSH].

If 40-year financing would attract money; if financiers thought it was good to invest in 40-year term securities; if there was a potential market for 40-year money; then certainly the U.S. Government, the American Telephone & Telegraph Co., and the giant utilities companies, would avail themselves of such a market, because there are times in the economic cycle when mortgage rates or money rates are low, and business entities would like to take advantage of them.

In this instance it is proposed to provide a sort of hybrid mortgage which will have a term longer than any security I know of, or longer than any other type of financing. Behind it we are substituting a \$13,500 house, for which a purchaser would find, according to a table which was printed in the RECORD the other day, he had only a \$400 or \$500 equity after the first 20 years. That is not enough to wallpaper the house or paint the outside of it.

Mr. SPARKMAN. The Senator from Oklahoma has contrasted or compared this proposal with securities of different kinds. I cannot answer as to that, but I know that Congress, including the Senate and including the distinguished Senator from Oklahoma, has passed other 40-year mortgage programs.

Mr. MONRONEY. For special purposes and in special instances.

Mr. SPARKMAN. Half a dozen of them are on the books.

Mr. MONRONEY. Yes; for special purposes and in special instances.

Mr. SPARKMAN. Section 207, which is the old standby FHA rental housing program, provides for 39 years and 33 days. I do not know why the odd number of days was provided, but that is the way it works out.

Mr. MONRONEY. But those programs are not generally for frame construction, individual standing houses. They are the more institutional type of apartment house construction.

Mr. SPARKMAN. They could be either.

Mr. MONRONEY. I doubt seriously if loans to construct frame houses under 35-year mortgages would be permitted under section 207.

The Senator from Alabama is asking us to begin a new process, which I think is a wild experiment. The Senator says there is no limit on this program; there is no definite number of houses to be authorized, other than under the general FHA authority. There is no provision which prescribes the quantity of no downpayment, or almost no downpayment, mortgages for 40 years.

I understand the distinguished Senator from Connecticut will move to recommit the conference report and will ask for a yea-and-nay vote on the motion to send the report back for further conference. If he makes that motion, I intend to vote to send the report back to conference on the basis that the conferees have brought back to us the worst in both bills instead of the best in both bills as they passed the Senate and the House. I intend to support the motion of the Senator from Connecticut to recommit the report for further conference.

Mr. HOLLAND. Mr. President, will the Senator from Alabama permit me to address a question to him? I have not been able to attend throughout the debate, and it is quite possible that this subject has been covered.

I have been concerned to hear that the conventional FHA mortgages have been "upped" from 30 years duration to 35 years by the conference report. Am I correctly informed?

Mr. SPARKMAN. That is correct. The House raised the term to 40 years; the conference settled for 35 years.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. BUSH. Is that a correct statement?

Mr. SPARKMAN. Not necessarily the conventional mortgages. It is the regular section 203 FHA insured mortgages.

Mr. HOLLAND. For the purpose of clarity in the RECORD, just what are section 203 mortgages?

Mr. SPARKMAN. Section 203 provides for sales housing under the FHA program. It is individual housing.

Mr. HOLLAND. Is not that conventional housing?

Mr. SPARKMAN. It is conventional housing, but there is another term—conventional mortgages. I believe the Sen-

ator from Connecticut understood the Senator from Florida to say "conventional mortgages."

Mr. HOLLAND. I speak of the FHA conventional program.

Mr. SPARKMAN. That is correct. What is called the FHA conventional program is section 203 housing. The House increased the term of mortgages for that type of housing to 40 years. As I have stated, there was not a word of opposition raised to that proposal in the House; but in conference we insisted that the two programs be the same. We managed to reduce the term of mortgages to 35 years.

Mr. HOLLAND. It seems to me that that means it is now proposed in the conference report to change drastically the FHA program which has proved, in the main, to be so helpful and sound throughout the years. Am I correct?

Mr. SPARKMAN. Yes, it has been helpful and sound; and I think this is sound.

Mr. HOLLAND. Does the Senator from Alabama think it is sound to change it to 35 years?

Mr. SPARKMAN. We did not change it here in the Senate. But I think housing has proved itself in this country, and I think home mortgages have proved themselves; I think they are about as good security as any we have.

Mr. HOLLAND. Does the Senator think there is any realistic reason supporting or justifying the change from 30 years to 35 years as to this conventional FHA program, other than the necessity of getting together with the other body in regard to such a program?

Mr. SPARKMAN. In the Senate we have never taken such action; we have held the term to 30 years.

Mr. HOLLAND. I cannot help but express the hope that this conference report will be returned to conference, and that the conventional FHA program, under which millions of homes have been built and under which millions of people are now proceeding to pay for their homes, will be continued, because it has proven to be very helpful.

On the other hand, to go into this unsound financing plan—which is what I think it would be—would be most unwise, whereas the other program has proven itself through many years of operation.

Mr. SPARKMAN. Of course the Senator from Florida realizes that 35 years will be the maximum. The lender can make his loan on the terms he prefers. But the FHA will not have to insure the loan if it is made for more than 35 years.

Mr. HOLLAND. But mortgages were insured before under the 30-year maximum. On the other hand, under this conference report, it is proposed to increase the maximum to 35 years.

Mr. SPARKMAN. But if I wish to buy an FHA house, and if I go to my banker or my insurance company lender, he can say to me, "I will not make the loan for a period of 35 years; my maximum is 25 years." Under this program he will not have to change the maximum he prefers, and the FHA cannot change it.

Mr. HOLLAND. But I am not willing to leave to the bankers the decision as to whether to enforce the sound program for which our committee has stood, and which our committee had not dreamed of changing, until this conference report was prepared. I think the Senate has some responsibility for insisting upon soundness.

Mr. SPARKMAN. I think it is sound.

Mr. HOLLAND. I think the Senator from Alabama demonstrated his belief that the 30-year program was sound, or else he would not have reported the provisions for it year after year—including this year, in connection with the financing of the loans to which I have referred as the conventional FHA program.

Mr. SPARKMAN. Let me say that when the FHA was begun, its program was a 20-year program. A few years later it was changed to 25 years. I remember when, thereafter, it was changed from 25 years to 30 years. The same arguments were made against that change, then. But it did not prove to be as bad as was predicted. It has been a most successful program; and I believe that the quality of the housing we have today and the determination of families to purchase houses and to make homes of them will keep the program strong, and that the houses will be good security. In fact, I think they have been just about the best security there has been in this country.

Mr. HOLLAND. Mr. President, I appreciate the opinion of the Senator from Alabama, who certainly is well entitled to have, and is well entitled to express, an intelligent opinion in connection with this matter. But it seems to me that instead of having seen better houses constructed as we have gone along, we have seen a great many shoddier and cheaper houses constructed; and I do not believe they will hold up as well or will continue to supply good security as well as the houses which were built years ago.

In my opinion it is a tremendous departure now to change to a 35-year mortgage program from normal FHA financing; and I am certainly very sorry that such a program has been included in the conference report.

Mr. MONRONEY. Mr. President, will the Senator from Alabama yield to me?

Mr. SPARKMAN. The Senator from Florida now has the floor.

Mr. MONRONEY. Mr. President, will the Senator from Florida yield?

The PRESIDING OFFICER (Mr. HICKEY in the chair). Does the Senator from Florida yield to the Senator from Oklahoma?

Mr. HOLLAND. I am glad to yield.

Mr. MONRONEY. Is it not also a fact that if we are searching for ways and means to lower the cost of money and the rate of interest, we are now going in exactly the wrong direction—by weakening the security behind the loans? If the market is flooded with 35-year or 40-year mortgage loans, we shall never have the opportunity I had hoped we would have to make a vigorous effort to bring down the cost of mortgage money and the interest charge to the occupants of the mortgaged houses—as would occur if the loans were made for, let us say, 25 years.

But to proceed in the new direction now proposed would only accelerate the rise in the cost of mortgage money, because of the flooding of the market with these extraordinarily long-term, beyond-normal-length mortgages—far beyond the normal length of time for which the equity behind the mortgages is considered sound. Is not that true?

Mr. HOLLAND. I thoroughly approve the position of the Senator from Oklahoma, and I answer his question in the affirmative.

It seems to me self-evident that one who has a gilt-edged security will have a lower rate of interest; but if the security is not so safe, of course the interest rate will be higher. There simply cannot be any argument about that; and I thank the Senator from Oklahoma for bringing out that point.

Mr. MONRONEY. The Senator from Florida has well stated—and it has been true since the beginning of time—that the better the security, the lower the interest rate; the more speculative the loan, the higher the interest rate.

But now it is proposed that we embark on a program of having a speculative equity behind a 35- or a 40-year mortgage. In that event, what once was a practical, conservative, and profitable housing operation, which provided more than a million houses a year for the people of America, under the free enterprise system and under a self-sustaining, self-supporting industry, would be destroyed.

Mr. HOLLAND. I thank the Senator from Oklahoma. I cannot speak about what has happened "since the beginning of time"; but during my life span I have seen that principle in operation, and I think it has always been the rule—namely, that the sounder the security, the cheaper the money which will be loaned against the security; and the weaker the security, the higher the interest rates are certain to be.

The Senator from Oklahoma has stated so well his point that all Senators, on both sides of the aisle, have been striving for some years to bring about conditions which will result in a lower interest rate. We know we cannot legislate a lower interest rate; but we can, by means of the conditions we provide by means of law, I believe, have a decided effect on the interest rates. And one of those conditions is the type of security, under the legislation we pass, which will be offered to those who have money to lend. The stronger the security and the sounder the security, the lower the interest rates will be.

But now it is proposed that small houses, costing less than \$15,000 a year, can be built under this program with 35-year mortgages—although with full knowledge of the fact that most of the lumber available today is inferior. For instance, in my part of the country we no longer get any sound, long-leaf pine, heart lumber. The lumber now available is mostly sappy; and, in some measure, the same situation exists everywhere else in the country, both as to the quality of the lumber and the quality of the work done on the houses and the quality of the construction. Everyone

knows that today the quality of the materials and the quality of the work and the construction is not nearly as high as it used to be, and the houses will not last as long.

Furthermore, under the provision now proposed—namely, that for 35-year mortgages—the home borrowers would have to pay higher interest rates.

Mr. MONRONEY. The Senator from Florida is speaking, of course, about conventional FHA loans. But earlier in the debate it was brought out that under the Title I program there could be a 3-percent downpayment—which would not give a higher equity, for when the 3 percent includes the closing costs, that means that the purchaser will have an equity of less than \$150 in the new house; and if it were found by the Housing Commissioner that the purchaser could not meet the payments required by a 35-year mortgage on a house of that type, he could have a 40-year mortgage.

So under this new section there could be almost no downpayment on a \$35,000 house, and the purchaser could have 40 years in which to pay for it. This is another reason why I believe the conference report should be returned to conference, as will be proposed by the distinguished Senator at the conclusion of the debate—in order to make it possible for the conference committee thereafter to bring us a sounder and stronger measure than the one we now have before us.

Mr. HOLLAND. I thank the Senator for that contribution.

I remember clearly the amendment offered by the Senator from Tennessee, which was so strongly supported, and I believe the Senator from Tennessee had as his associate the Senator from Oklahoma. Under that amendment it was insistently required that a substantial downpayment be made. The same comments which we made about long terms bringing higher interest rates apply to a small equity. The smaller the equity and the longer the term, the higher the interest rates and, in my opinion, the shoddier the workmanship which we will get.

Mr. MILLER. Mr. President, will the Senator yield for a question?

Mr. MONRONEY. I am happy to yield.

Mr. MILLER. In the debate on the bill during the first go-round, quite a point was made of the fact that, under the 40-year mortgage provision, there would be a very small equity at the end of 20 years. I do not recall the figure, but I believe it was \$300.

Mr. MONRONEY. Between \$300 and \$500, as I recall.

Mr. MILLER. Would that include the downpayment?

Mr. MONRONEY. The figure was arrived at on the basis of the depreciated value. There was a table put in the RECORD by the committee itself, calculated by the Housing Commissioner, which showed, on the basis of normal depreciation, what the equity in the house would be. As I recall, it was under \$500 at the end of 30 years, if my

memory serves me correctly. It was very discouraging to realize that there would be so little incentive for the owner to keep the house. His appliances would all be in the house, including the refrigerator, the electric stove, the linoleum on the floor, perhaps carpeting and other installations. They would all be worn out at the end of 20 years. He would be better off to call the Commissioner and say, "Come get your house. I will get a new one. I have to have only about \$150 of downpayment for the new house."

Mr. MILLER. If he did that, who would pay for the difference?

Mr. MONRONEY. Uncle Sam would pay for the difference, because all these mortgages are insured by the Federal Government.

Mr. MILLER. Has the Senator from Oklahoma had the opportunity to recast his figures with respect to a 35-year mortgage, rather than a 40-year mortgage?

Mr. MONRONEY. No, I have not, because under the terms of the conference report, if the buyer cannot meet the payments in 35 years, he can have a 40-year mortgage. So insofar as we are concerned, we are extending the mortgage period to 40 years for middle-income families. This is not a measure to help the indigent or the helpless; it is for the great mass of the American people.

Mr. MILLER. Would the Senator say, for all practical purposes, that the conference committee's revision of the mortgage period from 40 to 35 years, with the possibility of extending the period to 40 years, is not going to make much difference so far as the equity is concerned and so far as the persuasion for the owner to stay in the house is concerned, instead of turning it over to Uncle Sam to pay for the difference on a resale?

Mr. MONRONEY. The change of the mortgage period from 40 to 35 years would make hardly any difference in the equity. The best the Government hopes for now on 50 percent of them is 30 years, and the rest 35 years. We have negated the strength of the mortgage when we raise the period another 5 years. Under the normal FHA mortgage period, it was 30 years, and now, by action of the conference, the mortgage period becomes 35 years.

Mr. MILLER. Mr. President, I would like to ask the Senator from Alabama a question, if I may have his attention.

Mr. SPARKMAN. The Senator may proceed.

Mr. MILLER. Shortly, we are going to be asked to raise the debt ceiling from \$293 to \$298 billion, or a difference of \$5 billion.

Looking at the table which the Senator from Connecticut has prepared, of which I know the Senator from Alabama has a copy, I note that the difference between the amounts asked for by the President and the amounts determined by the conference committee has resulted in the conference committee coming up with an amount of \$1.6 billion of additional spending under the proposed legislation.

My question is, How much of the \$5 billion increase in the debt ceiling limit is attributable to the action of the conference committee in increasing the expenditures over the administration's request by \$1.6 billion? Is there a direct relationship?

Mr. SPARKMAN. A little earlier the Senator from Connecticut and I engaged in a colloquy, and we decided that our figures, when they are fully considered, are very close together. The administration proposal, according to the figures I have, was \$4,890 million. The new authorizations as carried in the conference report are \$4,886 million, which amount is actually \$4 million below what the administration asked for. The impact on the 1962 budget, as I understand, is \$248 million.

Mr. MILLER. As I understand, there is an impact on the budget of \$240-odd million, but it does not meet the problem regarding the impact on the debt ceiling, because there is so-called backdoor financing involved in the legislation—which prompts correspondence to come into my office from the people of my State which says, in effect, that if the conference report was defeated and if the Senate and the House took action in line with the administration's own request, it would not be necessary to raise the debt limit to \$298 billion.

I do not know, but I can see a considerable relationship. I am asking the Senator from Alabama whether or not the correspondence is correct in the statement that, if we were to revert to the administration's own requests, rather than persist in the conference committee's report, it would not be necessary for us here, in the next hour or two, to increase the debt ceiling limit to \$298 billion.

Mr. SPARKMAN. That could not possibly be correct. It must be remembered that some of the \$5 billion, in round numbers, which has been referred to, will not be spent for 40 years.

I will take that statement back. The public housing program is not included in that figure. Some of the money will not be spent for 10, 12, or perhaps 15 years—urban renewal, for example. The money for other programs will not be spent for 4 or 5 years from now.

It is difficult to get a calculation, because there is a mixture of programs, some for 1 year, some for 2 years, some for 3 years, some for 4 years, some for 5 years, and longer. But the total, over the whole expanse of time, is, roughly, according to my figures, \$4,886 million. That does not include public housing, which runs over a period of 40 years.

The only way I know to measure the impact on the national debt is to judge the impact on the budget. The impact on the 1962 budget is \$248,200,000. That is the only thing by which we can measure the impact on the national debt.

While I do not have the administration figure for the impact on the national debt, our new authorizations are less than the amount requested by the administration. I simply do not see how anybody can get anything out of

this to fit the statement the Senator cited a minute ago.

Mr. MILLER. I should like to ask the Senator if it is not true that, in addition to the budget impact of \$248 million, we must take into consideration the borrowing authorizations which are provided in determining the impact on the national debt and, in turn, the impact on the national debt ceiling?

Mr. SPARKMAN. The public borrowings are carried in the figure which I gave. It is all in that figure. The college housing program, for instance, is financed by Treasury borrowing. That is carried in the \$1,200 million.

Mr. MILLER. I realize that it is carried in the figure, but it is not carried so far as the budget is concerned.

Mr. SPARKMAN. It is carried in the figure I gave.

Mr. MILLER. That is correct, so far as the \$248 million is concerned.

Mr. SPARKMAN. Yes.

Mr. MILLER. What I am asking the Senator to do is to carry it as far as its impact on the national debt.

Mr. SPARKMAN. The Treasury borrowings do not have an impact on the national debt. This is what is called the backdoor financing, for the borrowings from the Treasury.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. CLARK. The Senator from Alabama has been working with the program for many more years than I, but I have been working with it for 5 years. I ask the Senator from Iowa to listen. Is it not a fair generalization that the impact of this housing bill on the national debt will be somewhere between the minimal and the nonexistent?

Mr. SPARKMAN. As I said a few minutes ago, the impact on the budget for 1962 is \$248 million. That has an impact of the national debt.

Mr. CLARK. The only way the bill could have any impact on the national debt would be if revenues were not raised all across the board for all the governmental programs if revenues were exceeded by expenditures which we make in any one year.

Mr. SPARKMAN. That is pretty involved. I assume the Senator is correct. I am not certain I fully understand exactly what would be done.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. MILLER. I am happy to yield.

Mr. CURTIS. I should like to ask the Senator from Alabama if it is not true that when money flows out of the Treasury under backdoor financing, so far as surpluses and deficits and debts are concerned it is exactly in the same category as appropriated money?

Mr. SPARKMAN. The Senator from Nebraska served on the Ways and Means Committee of the House and serves on the Finance Committee of the Senate. If the Senator says it does, I certainly accept his statement, because he ought to know.

Mr. CURTIS. It is my contention it does.

Mr. SPARKMAN. If the Senator says it does, I am willing to accept his statement.

Mr. CURTIS. All right.

Mr. SPARKMAN. With reference to the so-called back door financing, I think that is a rather unfortunate appellation. This financing has been going on ever since the days of President Hoover. It was started I believe in 1930, or perhaps at the time of the establishment of the RFC. It has been used through the years since that time, primarily for programs which involve investment, by nature, over a long period of time. It is necessary for some programs to have a drawing account, one might say, rather than an outright blocked-off appropriation, as other programs have carried.

As I recall now, the only new financing of that type carried in the bill before the Senate is the \$50 million for the open space program, which the Senator from Connecticut [Mr. Bush] supported. We all supported it. We accepted that program after some discussion and after cutting the fund. That is the only new program of that type. It is contract authorization. Of course, it enables the administrators to make the contracts, and later on the money will have to be appropriated.

Mr. MILLER. Mr. President, I thank the Senator from Nebraska for his comment.

I should like to finally come to a conclusion on this matter with the Senator from Alabama.

Do I correctly understand the point the Senator made is that, taking the \$50 million of new authorization plus the \$248 million, I believe he said, over and above the President's request—

Mr. SPARKMAN. No. It is below the President's request.

Mr. MILLER. The impact on the budget is \$248 million?

Mr. SPARKMAN. \$248 million. I said I did not have comparable administration figures. I do not know whether the figure is more or less.

Mr. MILLER. Considering the \$248 million plus the \$50 million of new authorization, which comes pretty close to \$300 million, can we conclude that the impact on the debt ceiling, at least for the year 1962, will be approximately \$300 million?

Mr. SPARKMAN. No. This is a rather strange thing, but even the \$50 million authorized for the open space program will not have much impact on the 1962 budget, for the impact will be only \$2 million. These are programs which will require a long period of time. The administration suggestion is that the amount which will be used in the 1962 budget will be \$2 million. That is a part of the \$248 million.

Mr. MILLER. I thank the Senator from Alabama.

Mr. BUSH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. Hickey in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BUSH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUSH. Mr. President, yesterday evening I made some remarks about the conference report. I call attention to the fact that there are desirable programs in the conference report, programs which I have firmly supported in the past and still support enthusiastically. Among those programs are urban renewal, college housing, housing for the elderly, the newly added mass transportation provision, taken from a bill of which I was a sponsor, the provision for Federal assistance to communities in acquiring open spaces within communities, the extension of the FHA insurance program, and some others.

However, the situation has gotten out of hand, in my judgment, and we are faced with a conference report that very greatly exceeds what the administration itself asked for authorizations under the proposed Housing Act of 1961.

I particularly wish to call to the attention of the Senate once more what President Kennedy said on May 25, when he made a most unusual personal appearance before a joint session of the Senate and the House of Representatives to deliver a message on the question of urgent national needs, the subject of heightened world tensions, and the increased competition we face from international communism. At that time he called for new and larger expenditures for defense and for space exploration in connection with national security. At the same time he cautioned Congress in the following language:

If the budget deficit now increased by the needs of our security is to be held within manageable proportions—if we are to preserve our fiscal integrity and world confidence in the dollar—it will be necessary to hold tightly to prudent fiscal standards; and I must request the cooperation of the Congress in this regard—to refrain from adding funds or programs, desirable as they may be, to the budget * * *.

Our security and progress cannot be cheaply purchased; and their price must be found in what we all forgo as well as what we all must pay.

As I said yesterday, I credit the President with sincerity in making his appeal to the people and to the Congress, but since that time I have not found sufficient action to support his words. Certainly they appear to have fallen upon the deaf ears of Congress, if we are to judge by the conference report, upon which the Senate must now act.

I wish to cite some of the differences between what the President requested and what we find in the conference report. The total administration requests involved in the items total \$4,247 million, whereas the conference report calls for \$5,853 million.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. HOLLAND. Do both the figures quoted by the Senator from Connecticut omit the cost of public housing?

Mr. BUSH. Yes. I will come to that subject in a moment. That provision was not in the conference report, but is an additional figure which I may as well discuss now, since the Senator from Florida has mentioned it. I point out that the totals in my tabulation exclude \$1,200 million for VA direct housing loans, passed as a separate bill by the Senate on June 26, 1961.

Mr. LAUSCHE. Mr. President, will the Senator repeat his statement?

Mr. BUSH. The figures I am giving exclude \$1,200 million for VA direct housing loans, which was passed as a separate bill by the Senate on June 26, 1961, and exclude annual contribution grants for the 100,000 units of public housing reactivated in the bill.

If these contributions were fully utilized over the 40-year period, the amount involved is estimated to be \$3,146 million additional. This is not included in the report. Does that answer the Senator's question?

Mr. HOLLAND. Mr. President, will the Senator yield? I want to be sure that I understand the situation.

Mr. BUSH. I yield.

Mr. HOLLAND. As I understand the figures which the Senator has cited heretofore, showing a total of \$5,800 million in the conference report, that total excludes the items that were not in conference. Is that correct?

Mr. BUSH. That is correct.

Mr. HOLLAND. The items not in conference include the 100,000 units of public housing.

Mr. BUSH. That is correct.

Mr. HOLLAND. And their total cost, whatever it may be, is estimated to be over \$3 billion.

Mr. BUSH. Yes; over a 40-year period.

Mr. HOLLAND. It excludes the GI direct loan housing, covered since we passed the other bill, or a total of \$1,200 million.

Mr. BUSH. The Senator is correct. The administration requested \$4,247 million for the items covered in the conference report, but the conference report increases them to the figure of \$5,853 million, or an increase of approximately \$1,600 million. So what we are asking the conference to do, if the bill is recommitted to the conference, is to cut the conference report figures back to the figures the administration requested, which I filed with my motion, which lies at the desk; to cut it back to \$4,247 million, or to reduce it by approximately \$1,600 million.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. LAUSCHE. I understand that the Senator from Connecticut takes the position that what has been done is in direct contradiction to the advice given to us by the President of the United States at the joint session of Congress on May 25. In that advice he urged that Congress refrain from adding funds and programs, desirable as they may be, to the budget, so as to avoid deficits and other fiscal troubles.

Mr. BUSH. Yes. I quoted what the President said. I believe that what we

are about to do—if we agree to the conference report—will be in violation of what the President said at the joint session. Does not the Senator from Ohio agree?

Mr. LAUSCHE. I agree fully. I think the time has come when we ought to check to see how completely we are complying with the recommendations or not complying with them. I spoke on the subject earlier today, when I pointed out another aspect of the advice, in which the President suggested that in order to keep ourselves in a competitive position and to keep our monetary reserves strong, employers and employees should not indulge in practices which will further devalue the dollar, and that self-restraint must be imposed upon management and labor leaders. It would be well for Members of the Senate to look at the President's message of May 25 when we deal with these subjects, to see whether we are or are not complying with the President's recommendations.

Mr. BUSH. I thank the Senator. The contribution he has made is very appropriate. In that connection, we are faced with a crisis in this country in relation to Berlin. How much this is going to cost, no one knows. The chances are that if we stand firm, as is the intention, I believe, of the administration—and I believe it would be supported by the Senate and by the House—we will embark on further expenditures for security, not only for ourselves, but also for the whole Western World. This is not a time to be incautious about public funds, but, on the contrary, to heed what was said by the President of the United States at the joint session, when he said that in view of the critical days in which we live we must refrain from adding funds or programs to the budget.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. LAUSCHE. I listened attentively to the statement of the President on May 25 at the joint session. I vigorously applauded his recommendations. I resolved then to place in the drawer of my desk, on the Senate floor a copy of that speech. I contemplate taking it out and using as a Bible, to point it out to the Senate if and when we depart from his recommendations. We have departed from it more often than we have adhered to it since the recommendations were made.

Mr. BUSH. I thank the Senator from Ohio. I will discuss briefly a few of the items to show the difference between what the administration requested and what the conference report recommends. Perhaps the most significant item is in connection with the so-called FNMA or Federal National Mortgage Association investment in mortgages and improvement loans. The administration requested \$750 million. The original bill introduced by my good and able friend from Alabama called for \$500 million. The administration later increased it to \$750 million in its request. The effect of the conference report is to double the figure and provide \$1,510 million; \$760 million is added.

In connection with the college housing program, if we reduce it to a comparable number of years, the conference report adds about \$200 million. For farm housing loans, about \$200 million is added.

All the loan programs together increase the figure from \$1,357,000 to \$2,217,000; the grant programs are about the same. The total difference is \$4,247 million, as asked for by the administration, and \$5,853 million, as provided by the conference report.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. SPARKMAN. Of course, as the Senator knows, I do not agree with the correctness of those figures. I admit that there is room for argument. However, taking the item of FNMA for additional allowances, that consisted of two items. The first was to take \$200 million out of a billion dollars authorized for FNMA back in 1958. We simply transferred it from one part to another. That is not a new authorization. The money is there. It is authorized already. Then there is the \$140 million a year. FNMA has been disposing of mortgages. These are mortgages acquired before 1954, when we changed the FNMA law. The fund has a mortgage portfolio of mortgages, I am told by our staff director, amounting to something over \$1.6 billion. What we have done is to provide the repayments made to FNMA on these mortgages, amounting to \$140 million a year for 4 years, as I recall, be transferred out of that fund. That is \$560 million.

Mr. BUSH. I ask the Senator to yield to me to ask him what would have happened to that money if we had not done so?

Mr. SPARKMAN. Eventually it would have gone back to the Treasury.

Mr. BUSH. It would have gone into mortgages first.

Mr. SPARKMAN. Eventually it would go back to the Treasury.

One further point. The Senator referred to farm housing, showing an increase of \$200 million.

Mr. BUSH. From \$207 million to \$407 million.

Mr. SPARKMAN. The Senator is correct. There is a \$200-million increase in that item.

Mr. BUSH. I submit I am correct on all points, because the Senator must agree that if we did not do what we did, the \$140 million, times 4, would go back into the Treasury forthwith. We have said that we will not let it go back but will put it into FNMA for a special assistance fund. If that will not create new money for expenditure for mortgages, I do not know what will.

Furthermore, the administration did not ask for this amount; the administration asked for \$750 million. We are providing \$1.5 billion.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. LAUSCHE. The staff official says there is \$1.6 billion in the fund that FNMA made available to be paid into the Treasury. The Treasury could then use it, if it so desired, to pay off the debt.

Mr. SPARKMAN. I may have stated that incorrectly. I refer to the mortgages that FNMA acquired prior to 1954. At that time it had \$2½ billion worth of such mortgages. FNMA receives money from the sale of mortgages and repayments on these mortgages. It is estimated that there will be \$140 million a year for the next 4 years from this source which we propose to transfer.

Mr. LAUSCHE. Then the fact is that \$140 million a year would be transferable to the Treasury, to be used by the Treasury in paying off the debt.

Mr. BUSH. That is correct.

Mr. LAUSCHE. But the conference committee, contrary to the advice of the President proposes to make that money available for additional housing?

Mr. BUSH. In a special assistance fund.

Mr. SPARKMAN. It is in housing now, and has been.

Mr. LAUSCHE. Yes, it has been, but it will now be available to pay off the debt.

Mr. SPARKMAN. Instead of returning it to the Treasury, we propose to transfer it and provide that it be used further in connection with housing.

Mr. BUSH. Mr. President, so long as we are discussing the subject of mortgages, I should like to refer to a point I made before, namely, the mounting accumulation of mortgages. We find the FNMA in a race with the Commodity Credit Corporation, to see which one can pile up the biggest surpluses, whether it be in mortgages or in agricultural products.

FNMA has made a good gain recently. Its surpluses have risen to \$7 billion; at least, that was the figure the last time I checked on the total holdings of mortgages by FNMA. I do not know whether the Commodity Credit Corporation has yet reached \$10 billion worth of surplus farm products in storage, but the last I heard was that the amount was in excess of \$9 billion. It is a very interesting race. I am in favor of slowing both of them down; in fact, I would be glad to check them and begin to reduce the amounts held by both organizations. I think that is one of the duties Congress should undertake immediately.

However, I do not like to see Congress proceed now to authorize an additional \$1,500 million for a special assistance fund, because I feel certain that the type of mortgages which will be brought under this program will remain in force until maturity.

There are some other bad features about the bill. I do not know whether they can be corrected if the bill goes back to conference. One of them is a provision in the bill under which the lender on mortgages would have a choice of repayment in either cash or debentures, in case of default, under either of the two new FHA low-cost housing insurance programs. All other FHA default payments are made in debentures. This change is intended to make the new programs more attractive to private lenders. Nevertheless, it is expected that artificially low interest rates will make the low-cost rental housing loans unattractive for the lender to hold, and the Fed-

eral National Mortgage Association will be forced to step in and purchase them under its special assistance program.

The President also will have discretion to order FNMA purchases of low-cost sales housing mortgages, if necessary.

The trouble with cash payment proposal is that it is simply a foot-in-the-door operation. The bankers and other lenders have had some responsibility in the past in connection with FHA loans. They have been responsible for policing the loans. They have been responsible for exercising the discipline that goes with collecting loans and keeping payments up to date. If the mortgage went into default, they had to turn it over to FNMA and accept a debenture, which might or might not be worth par, and which might sell at a discount. But there was some slight risk, and that is all the risk the lenders have in connection with FHA mortgages.

What is proposed to be done in this part of the bill is to cut the legs out from under the program and take away the last vestige of responsibility the lender has in connection with an FHA loan.

As surely as we are standing here, if this provision becomes effective in connection with this section of the bill, we shall find it coming up next year or the year after in connection with other sections of the bill.

The responsibility for the collection of these mortgages will be taken away from the bankers, the savings and loan associations, and other lenders. I say it is a bad idea. The lenders should have some stake in this program, but the purpose of this section of the bill is to relieve them of their responsibility. I think it is a very dangerous section of the bill.

Mr. LAUSCHE. Mr. President, will the Senator from Connecticut yield?

Mr. BUSH. I yield.

Mr. LAUSCHE. Will the Senator re-explain how the responsibility, which would normally induce a lender to watch his loan with prudence, is taken away?

Mr. BUSH. Suppose the Senator from Ohio were a lender and lent money on a mortgage insured by the FHA. He would be responsible for policing the loan, collecting the downpayment and the interest, and so forth. But suppose the mortgage went into default. Under existing law, after a period of time—I have forgotten whether it is 60 days or some other period—he may turn the mortgage over to the FNMA. But he will not get cash for it; he will get a debenture, which may sell at a discount. I am not certain how large the discount would be for selling it. It would depend, I suppose, on the money market and other factors. He would not get cash; he would get a debenture for it. If he sold it, he would have to find a market. It may be that he would lose four or five points in order to liquidate and sell out the mortgage which he turned in to FNMA.

What is proposed to be done now is to eliminate that feature, so that the lender would not turn in the mortgage and get a debenture under this section of the bill. He would turn it in and get cash. So when he makes the loan, he is not

taking any risk at all; the Government is completely protecting him. Heretofore, and in other sections of the bill still, the lender is a partner with the Government. He is the Government's agent, and he has a responsibility. If he does not live up to it, he will lose his money.

Have I made myself clear?

Mr. LAUSCHE. Yes. Now the Government will be the absolute surety, obligated to pay in cash a delinquent loan; whereas formerly the Government was in the nature of a guarantor, obligated to give a debenture to the lender in the event a loan became delinquent.

Mr. BUSH. Yes; and because the debenture might have been of varying value, and might even have been worth a discount rather than a premium, the lender will not have the same risk.

Mr. LAUSCHE. What reason was given for changing the secondary liability to a primary one?

Mr. BUSH. Just what the Senator would suppose—to take the risk away from the lender, so that the lender would be pushing the money out under the Government's guarantee of cash.

Mr. SPARKMAN. Mr. President, will the Senator from Connecticut yield?

Mr. BUSH. I yield.

Mr. SPARKMAN. I hope the Senator from Ohio will listen to my statement. First, this proposal is discretionary with the Commissioner of the FHA.

Second, if such an agreement is entered into, it must be done at the time the mortgage is entered into, which is not the case at the present time. Let us keep those facts in mind.

Furthermore, we talk about the Government guaranteeing. The Government actually uses the insurance fund, to pay any claims, which the borrowers themselves have paid into. Remember, a half percent per year is paid on every loan. The amount of FHA insurance reserves today is nearly \$1 billion.

Furthermore, since 1944, when the so-called GI bill of rights was enacted into law, we have had a program of making GI guaranteed loans. Approximately 6½ million of those loans have been made. No insurance on them has ever been paid; the program is not an insured program. It is a guaranty program; and from the beginning the Government has paid off 100 percent in cash, and there have not been the disasters which some predicted.

As a matter of fact, I recall that, even as of today, the default rate is only 1.2 percent and the dollar losses less than .085 percent, for the guaranty program. It seems to me these facts should allay the fears some Senators have—such as those which have been advanced by my good friend, the Senator from Connecticut, who is a very fine worker in connection with the housing program.

Mr. LAUSCHE. That would mean the application of the same principle which was applicable to the veterans.

Mr. SPARKMAN. With the very material exception that payments to the veterans come from the Treasury of the United States, or, rather, are made by the Administrator, and are part of the pool which has been developed from the

veterans' loans. As a matter of fact, a profit has been made, because of the interest paid. But under the FHA, it would be paid out of the insurance pool which has been built up by the interest payments on mortgages.

Mr. BUSH. Mr. President, we are now talking about the veterans program, which—as all of us know—has very special concessions for the veterans. That program is not at all comparable to the FHA program. The veterans program must be considered as a separate matter, just as we considered the VA program as a separate one, only a few days ago.

So, Mr. President, with all due respect to my highly respected friend, the Senator from Alabama, I cannot agree that anything he has said in regard to the veterans program affects anything I have said here in reply to the Senator from Ohio.

Mr. MAGNUSON. Mr. President, will the Senator from Connecticut yield?

Mr. BUSH. I yield.

Mr. MAGNUSON. The Senator from Colorado [Mr. ALLOTT] and I have just finished holding hearings on the Veterans' Administration, and at the hearings this item was taken up. I think the RECORD should show that they anticipate more foreclosures—in fact, a 20-percent increase during the coming year, as compared to the previous year. But they also testified that the loss will be only three-tenths of 1 percent, although the foreclosures and the retaking of the property are expected to be 20 percent more than last year.

Mr. ALLOTT. I believe we should make clear that the testimony applied strictly to the direct veterans' loans.

Mr. MAGNUSON. Yes. And the money comes out of the Treasury; it is a direct appropriation.

Mr. BUSH. Yes.

Mr. President, I think there is no question that these loans have had a very good record.

The Senator said the insurance program has built up a reserve of nearly \$1 billion, and I suppose that almost \$40 billion of them have been insured under the FHA program. Of course, in view of the continued prosperity of the country since World War II, during the period in which this program has been very heavily made use of, and in view of the expansion of the national income, earnings, and all the rest, we should have had a fairly good record. What worries me is what will happen if the situation is not so favorable for a time. We really have not had a situation in which this program has been tested.

So certainly I agree with what the able Senator from Oklahoma [Mr. MONROE] has said today, because it has a very important bearing on this subject.

Mr. SPARKMAN. Mr. President, let me suggest that through 1960, beginning with the commencement of the program in 1934, the total amount of loans has been \$67,389,237,000. I do not have the figure in regard to how much has been paid off. But it seems to me that that figure of more than \$67 billion is a very imposing one.

Mr. BUSH. Yes, it is. I am surprised that the surplus is not a little larger than it is, in view of that large amount.

At any rate, we agree in a general way that the Government has not been hurt too much by losses.

Mr. SPARKMAN. Let us also remember that the premiums which have been paid also have paid the administration costs.

Mr. BUSH. I understand.

But I think the figure I mentioned—as to the large accumulation of mortgages—also has a bearing on this matter; I refer to the fact that the Government has been obliged to absorb and absorb, so that today the administration has \$7 billion of FNMA mortgages—or an increase of approximately 8 percent in a few years of operation under this program.

Now I wish to move to another point. I think now of the change proposed by the conference report as regards the smaller communities in the urban renewal program. Not only did a majority of the conferees disregard President Kennedy's appeal for "fiscal responsibility"—those were his words—with respect to the authorizations provisions of the bill, but they also ignored it with respect to the other provisions of the measure; and a most glaring example is the provision of the House version for Federal urban renewal grants of three-quarters, rather than two-thirds, of the cost of such projects in the smaller communities.

I ask Senators to listen to what the Kennedy administration said about that. The Kennedy administration objected strenuously; here is what the Kennedy administration said in a message, sent to our committee, with respect to the proposal to increase the proportion to three-fourths:

There is no real evidence that urban renewal activities are relatively more costly for smaller communities or that the local share or project costs is harder to raise in such communities. Program statistics show that cities under 50,000 population contribute about the same proportion of cash to the local cost share as larger cities do. Actually considering higher land costs, absence of open land, and disproportionately multiplied expenses of government, larger cities may well have a tougher problem in financing urban renewal.

Any such increase for smaller communities would quickly be sought for all.

I have heard the Senator from Ohio make that statement many times; namely, that if we give an inch, before long we shall have to give a mile.

The Kennedy administration also said:

Yet the two-thirds/one-third sharing formula of existing law is an equitable and widely accepted division of costs between Federal and local government. It should not be abandoned.

Of course I was very glad to hear that from the Kennedy administration.

Then they said:

In summary, there is no sound reason to favor smaller communities and thereby discriminate against the larger cities which so desperately need urban renewal assistance. There is no justification for further increas-

ing Federal grants and reducing local participation, whether for some communities or, as would surely follow, for all.

But what did the conference committee do, in the face of that admonition? The conference committee paid no attention at all to it, but proceeded to make this special provision for a three-fourths contribution by the Federal Government to the cost of such projects for communities of 50,000 population or less. That puts a foot in the door; and if this provision is now enacted into law, I expect that before many more years the participation by the Federal Government will be increased to 70 percent. If I am not here at that time, I hope someone else will then point out that the Kennedy administration said, this very spring, that the two-thirds to one-third arrangement is fair, and should not be changed—not even for the smaller communities, which, in the opinion of the Kennedy administration, often are better able to carry their fair share than are the larger cities.

Mr. LAUSCHE. Mr. President, will the Senator from Connecticut yield?

Mr. BUSH. I yield.

Mr. LAUSCHE. I do not recall the vote on that matter, here in the Senate a few weeks ago. I am told that it was voted down by approximately four votes.

Mr. BUSH. The vote was a very close one.

Mr. LAUSCHE. We voted that down, and the House said what?

Mr. BUSH. We had to have it.

Mr. LAUSCHE. We had to have it.

Mr. BUSH. And that is where we yielded to the House.

Mr. LAUSCHE. Will the Senator yield further?

Mr. BUSH. Yes.

Mr. LAUSCHE. I merely want to repeat that if we approve this measure, it will be the forerunner of an effort, either next year or the following year, to have the Federal Government assume 75 percent of the burden of large and small communities.

Mr. BUSH. That is what the Kennedy administration predicts.

Mr. LAUSCHE. Will the Senator yield so that I may make a comment on that?

Mr. BUSH. Yes.

Mr. LAUSCHE. My belief is that to the extent that the President recommends thrift and frugality, we will reject him and we will substitute the course of the past, which will lead to deficit operation, further cheapening of the dollar, increase of the national debt, and influence upon the withdrawal of gold reserves. Although the latter are rather sounder right now, we cannot go on with this program without accentuating the very weaknesses about which the President has been so apprehensive, and which weaknesses induced him to beg us not to increase the budget, regardless of how essential we may deem certain measures to be.

Mr. BUSH. I thank the Senator from Ohio. I simply should like to say, in conclusion, that we are faced with a critical situation in our national life today. President Kennedy told us that

in the joint session of Congress. He talked about the perils of the days in which we live, and about the somber situation as a result of his talks with Mr. Khrushchev. We know we shall be faced with a critical situation, within 6 months, in reference to Berlin, to mention just one. It seems to me the least we can do is support the President of the United States when he says, "Do not give us a lot of added programs, and do not add a lot to those programs which are necessary."

I have been sitting on this committee for 8 years now, and I say to the Senate that the President's requests are perfectly adequate to go ahead with his program, and that the additional items which boost the administration's request by \$1.6 billion are not necessary, are not advisable, and, indeed, may turn out to be harmful and embarrassing.

What we do here is being watched all over the world. We are giving advice to governments everywhere as to how to conduct themselves. We are saying, "You must have fiscal responsibility. You must balance your budgets. You must not waste the people's money." What do we do? We come here and take this kind of action. When we have big bills like this, the chancelleries of Europe and the central banks of the free world are watching the United States to see what we do with these big financial proposals.

Why are they watching? Because we have had in the past few years trouble with our balance of payments, and with inflation for many years. They have seen the value of the dollar go down and be cut in half in the last 20 years. So they are watching us.

I say to the Senate that we should support President Kennedy in his plea for fiscal responsibility, and not reach out and enact a lot of programs, and add to programs, against the wishes and the recommendations of the administration, and in a way that is quite incautious and unnecessary so far as the public need is concerned.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. ALLOTT. I could not let this particular moment pass without expressing my thanks to the Senator from Connecticut for the presentation he has made on this matter, not only this afternoon but last night. I took the position, when the bill was before the Senate, before it finally passed, that it represented a departure far beyond what I considered to be the needs of the country, a departure that went so far that I considered it to be reckless economic policy.

The Senator from Connecticut has very adequately pointed out the several areas in which we have not only gone beyond what we did before, but have envisioned new things and have embraced, as the Senator said last night in his remarks, the worst parts of both measures. With this statement I wholeheartedly concur.

Of course, having voted against the bill when it was before the Senate, I

will have to vote, and will vote, even more wholeheartedly against this bill.

The matter raises a question with all of us. There are parts of this bill which I have supported in the past, and which I support now. I would do anything if we could backtrack the Senate 2 or 3 weeks to a consideration of this bill and get what I think is a logical consideration of the needs of this country.

Mr. BUSH. Mr. President, will the Senator permit me to say it is perfectly possible for us to do so? That is exactly what we should do.

Mr. ALLOTT. I agree with that statement. In the area of college housing loans, for instance, that is a measure which I have supported repeatedly. No matter in what form the vote may come before the Senate—it may be on a motion on which I shall vote, but no matter how I cast my vote—my vote will be against the adoption of the conference report. I do not believe that by such action I shall in any way be reversing my stand and support for those elements of the bill that I have traditionally supported. As the Senator from Connecticut has so well expressed, in this day and age, when we shall be asked, today or tomorrow, to raise the public debt limit by \$13 billion—and I think we may be asked to do it by a greater figure before the year is over—and when the President himself has come before a joint session of Congress and asked Congress not to increase the budget amount, and when the bill increases the budget amount over and over, I certainly cannot support the conference report.

I cannot possibly support the bill. I think the Senator from Connecticut has made one of the clearest and most appealing and most logical arguments for financial responsibility in the Government, even within the context of the requests of the President of the United States, that I have ever heard.

For those reasons, I shall be forced to cast whatever vote it is within my power to cast against the adoption of the conference report.

Mr. BUSH. I thank the Senator for that observation. I should like to say that, like the Senator from Colorado, I have stated repeatedly there is a great deal in this bill which I favor. Most of the programs embraced in it are programs which I have supported from their inception, and I intend to continue to support them. What I am asking for is simply a degree of moderation and compliance with what the President himself has asked for in connection with this whole matter.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. BUSH. I yield to the Senator from Oklahoma, who, I may say, made an eloquent and unanswerable argument this morning. I agree with everything he said about the 40-year no-downpayment provision, on which proposition we lost.

Mr. MONRONEY. As I understand, the distinguished Senator would recommit the Senate bill to conference again, in order to enable us to see what kind of an adjustment can be made within

the framework of the bills of the two Houses.

Mr. BUSH. Mr. President, I do not think the motion is quite as broad as that. I should be glad to modify it, if the Senator will suggest the language.

Mr. MONRONEY. The motion would recommit the bill to conference?

Mr. BUSH. It would recommit the bill.

Mr. MONRONEY. It would include consideration of the 40-year almost-no-downpayment provision?

Mr. BUSH. That is not specifically mentioned in the instructions, but I should be glad to modify the motion, if the Senator will suggest language he thinks appropriate.

My motion would recommit the bill to conference with instructions not to exceed the administration request for authorizations, as outlined on the paper which I submitted, a total of \$4,247 million. That is the specific instruction in the motion.

I should like to broaden it to include the Senator's suggestion.

Mr. MONRONEY. The Senator has a right to broaden it.

Mr. BUSH. I have a right to modify.

Mr. MONRONEY. The Senator can broaden the instructions to include the differing votes of the two Houses on title I of the bill, to again reopen the proposal. As the Senator said, we have been given the worst of both bills rather than the best of both bills.

Mr. BUSH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BUSH. May I modify my amendment so as to further instruct the conference to review its decision with respect to title I of the bill, especially as it affects the 40-year no-downpayment provision?

Mr. MONRONEY. Forty-year almost no-downpayment provision.

Mr. BUSH. Forty-year small downpayment provision.

Mr. LAUSCHE. Almost no-downpayment provision.

Mr. BUSH. And to report, in that connection, a measure conforming to the term of 35 years specified in the House bill, with the down payment provisions of the Senate bill?

The PRESIDING OFFICER. The Senator can modify his instructions however sees fit.

Mr. BUSH. I do so modify my motion, in the instructions to the conference.

Mr. SPARKMAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SPARKMAN. When the Senate passed the bill and sent it to conference, it sent the bill to conference with a provision for 40-year mortgages with the down payment practically the same as that included in the conference report, without including the closing costs. Would it be in order, in view of that, to accept such a provision as that proposed by the Senator from Connecticut?

The PRESIDING OFFICER. An instruction to the conferees is not binding upon the conferees. The conferees may ignore it completely, if they wish, or they can accept it. It is not subject to a point of order on that basis.

Mr. SPARKMAN. I wish to be certain that the basis of my point of order is understood; that is, that this is clearly out of line with the provision which the Senate originally voted to put in the bill.

Mr. BUSH. Mr. President, I observe that it is not clearly out of line with the sentiment expressed by the Senate in the vote of 49 to 44 on the Gore amendment to strike.

Mr. SPARKMAN. That was reversed five different times later.

Mr. BUSH. I think that particular vote on the Gore motion reflected the views of the Senate of the United States. What was done later I do not think did.

Mr. SPARKMAN. May we have a ruling?

Mr. LAUSCHE. Mr. President, will the Senator yield? What did the Senator have in mind when he mentions what was done later on the 49-to-44 vote?

Mr. SPARKMAN. Does the Senator refer to the Senator from Connecticut? I stated there were five subsequent votes, every one of which we won. The last vote, the one which counts, was for the 40-year mortgages up to \$13,500, with a 3-percent downpayment.

Mr. BUSH. There was an inquiry made. I believe the Presiding Officer has an announcement to make.

The PRESIDING OFFICER. The Senator from Connecticut can modify his motion in any manner he sees fit. The Senate can vote for or against it.

Mr. BUSH. But it is not binding on the conferees.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. BUSH. I yield to the Senator from Oklahoma.

Mr. MONRONEY. May I inquire of the distinguished Senator from Connecticut if there is any termination date involved? Is there to be an expiration of any vital part of the housing legislation, which would cause an adverse effect, if the bill were sent back for further consideration by the conference?

As I understand the situation, this is not a deadline bill. Nothing is going to expire. We will be no worse off if we let the conference have more time to examine the bill and the relative positions taken by the majority votes of the two Houses, and then report the bill again.

Mr. BUSH. The Senator is quite correct. The Senate acted on this bill only a few days ago. Had we voted to reject the bill then the committee would have had an opportunity to report another bill in a week or two or three.

There would be no difficulty in getting a bill, if it goes back to the committee. There would be no difficulty at all, if the bill is sent back to conference. It can be taken up next week, and the modifications can be made if the conferees so decide. There is no deadline to forbid the action the Senator wishes to take.

Mr. MONRONEY. I have been very glad to observe that many of the distinguished newspapers which first ap-

parently applauded the Housing Act, and particularly the new title, have, on sober reflection—after the long discussion on the floor of the Senate as to the wisdom of having some downpayment which would be in line with more responsibility of the buyer, and the action on the part of the House in reducing the 40-year-mortgage provision to 35 years—applauded these two sensible actions.

Mr. BUSH. The Senator is correct.

Mr. MONRONEY. It seems to me, in the interest of letting sober second thoughts take place, it might be wise to have the distinguished conferees both of the Senate and of the House enjoy a good Fourth of July, and then come back after the holiday to sit down in the somber light of world affairs and the difficult situation we face with respect to increasing the public debt limit, to consider whether it would not be the part of wisdom and fiscal responsibility to try our best to reach a more sound agreement than that which the conference report before us represents.

Mr. BUSH. I think the Senator is correct.

Mr. MONRONEY. I thank the distinguished Senator for yielding.

Mr. SPARKMAN. Mr. President, if the Senator will yield, I should like for the record to show—and I ask the Senator from Oklahoma to listen—that there is one program which will expire. So far as I know there is only one. That is the program for farm housing loans.

Mr. MONRONEY. After the Fourth of July the housing could still be built, if the bill comes back from conference.

Mr. SPARKMAN. Certainly.

Mr. MONRONEY. It will not be fatal to the farm housing program.

Mr. SPARKMAN. It would not be fatal. I do not contend that.

Has the Senator from Connecticut concluded?

Mr. BUSH. Yes. I yield the floor, Mr. President.

Mr. SPARKMAN. Mr. President, I shall take only 1 minute.

I do not agree with the Senator as to some of his figures. As a matter of fact, I have figures supplied by the Housing and Home Finance Agency which show that the administration proposal involves \$4,890 million, and the amount of new authorizations in the conference report is \$4,886 million. These figures show we are actually \$4 million under the administration proposal.

Does the Senator wish to ask for the yeas and nays?

Mr. BUSH. Yes. Mr. President, I ask for the yeas and nays on the motion.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Connecticut.

Mr. SPARKMAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. METCALF in the chair). Without objection, it is so ordered.

Mr. KUCHEL. Mr. President, we have a singularly strange and anomalous situation in the U.S. Senate today. The President of the United States has made recommendations to Congress in the field of housing legislation. He has made recommendations to Congress with respect to mass transportation. He has urged Congress to continue a program of college housing, and to pass legislation in a number of other areas, all of which, in the opinion of the President, should carry an authorization of future expenditures of \$4,247 million, and no more.

But what a strange and paradoxical situation. It is the Republican side of the aisle which is asking the Senate to go along with the President's recommendations. From the Democratic side of the aisle members of a conference committee have reported proposed housing legislation which would abandon the President's recommendations. Our Democratic brethren turn their backs on the President. They tell us that the Congress must authorize expenditures in this field \$1,600 million in excess of what their own administration has urged.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. KUCHEL. In a moment. I wish to say to the Senator from Connecticut [Mr. BUSH] that he has performed a magnificent service to the people of the country in asking the Senate, and particularly Senators on the Democratic side, to follow the President's recommendations and not to exceed them, in this unbelievable amount, as the Democratic Members of the conference committee on housing most regrettably have done. The Senator from Connecticut has recalled for us the words of the President in his inaugural. Dark days lie ahead for free peoples. Sacrifice will be required of us. Defense expenditures will grow larger. But here, on this important piece of domestic legislation, our Democratic majority, in a cavalier fashion, adds another billion and a half dollars and more to what President Kennedy has asked. Where is the jurisdiction? Where is the sacrifice?

Mr. President, I voted for the proposed housing legislation when it was recently before the Senate. I come from a State that is keenly, indeed, vitally interested in a continuation of the great programs of housing and home financing, of college housing, of urban redevelopment, of public housing, which have been upon the statute books for years. But my State is also interested in fiscal responsibility. How can any of us now justify approving a conference report which would blithely authorize sums in excess of those recommended by the administration by more than \$1.5 billion? I most respectfully urge my Democratic colleagues to go along with the recommendations of the President of the United States. The conference report before us is unwarranted and unjustified.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. AIKEN. Like the distinguished Senator from California, I voted for the housing bill as it passed the Senate, but I did so feeling that rather than add hundreds of millions of dollars to the proposed authorizations, the conferees would cut them down at least \$100 million, and yet perhaps retain some of the more valuable provisions of the bill. My position now is the same as that of the Senator from California. I believe we ought to send the report back to the conference committee, with the understanding, direct or otherwise, that we will not exceed the President's recommendations in this case. I believe the President's recommendation, and assuredly the bill as enacted by the Senate, certainly provides adequate funds for a tremendous housing program in this country over the next 2 to 6 years, depending upon what length of life would be given to each section of the bill.

Mr. KUCHEL. Those are words of wisdom which my able friend, the Senator from Vermont, has uttered. The Senator from Vermont is interested in progress. But fiscal responsibility is an indispensable component of progress, and this report before us is irresponsible.

Mr. SPARKMAN. Mr. President, will the Senator now yield to me?

Mr. KUCHEL. I yield to my able friend, the Senator from Alabama.

Mr. SPARKMAN. I do not believe the Senator from California has been in the Chamber during the course of the debate.

Mr. KUCHEL. Yes, I have been present most of the time. Some of it, I have spent in a seat at the rear of the Chamber.

Mr. SPARKMAN. I hope that the Senator from Vermont will also listen. I do not know where the figures that are being played with on the Republican side have come from. I have the figures which were furnished by the administration. The figures furnished by the administration show that the amount requested or proposed was \$4,890 million. The amount of new authorizations carried in the bill is \$4,886 million, or \$4 million less than the request of the administration.

Mr. BUSH. Mr. President, will the Senator yield to me?

Mr. KUCHEL. I shall be glad to yield in a moment.

Apparently, it is a little difficult to chop our way out of this jungle of figures, but I think it is generally conceded that the conference committee report is considerably in excess of the recommendations of the administration. The public press repeatedly has so indicated in describing what we have before us. I must say also the debate in my judgment has been sufficient, so far as this Senator is concerned, to place credence in what my able friend from Connecticut has developed in his argument. I now yield to my able friend from Connecticut.

Mr. BUSH. Mr. President, I would like to say first that I have explained fully this afternoon where the so-called figures came from, and I challenge the Senator from Alabama on the very point that he is making. I ask the

Senator to refer to the report which he read from a moment ago, which is entitled "Housing and Home Finance Agency regarding conference report on the Housing Act of 1961." The Senator has it in his hand. I ask the Senator to turn to page 2 and read what is said under "(b)."

Mr. SPARKMAN. Yes, I have read that section of the report. I discussed it with the Senator when he was speaking. Those are transfers of housing funds already authorized.

Mr. BUSH. The amount stated is \$750 million additional, which is transferred to the special assistance fund. Otherwise the amount would be returned to the Treasury of the United States. It definitely was not requested by the administration.

Mr. SPARKMAN. The amount would come back.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield to my able friend from New York.

Mr. KEATING. The distinguished Senator from California [Mr. KUCHEL] has made an extremely powerful argument. It may be that we on our side are more ready to make the sacrifices that we are asked to make than those on the other side of the aisle. I for one am prepared to support the President in the request which he has made. I do not always find myself in agreement with him, but on this question I find myself in his corner, and I shall therefore support the motion.

Housing is extremely important to the State which I represent, as it is to the State of the Senator from California.

The urban renewal program, which is completely unaffected by the amendment, is vital to the State of New York. I also call attention to the fact that this motion does not mention any figures. It is to send the bill back to conference and to have it come back in the form which will not exceed the requests for authorizations made by the administration. I join in the Senator's comment that it seems rather paradoxical that the motion should come from our side of the aisle.

Mr. President, I shall support the housing bill, because it is essential. I believe that we should follow the President's recommendations. I compliment the distinguished Senator from Connecticut on the excellent presentation which he has made and the formula which he has devised to carry out the President's recommendations. I also commend the distinguished Senator from California for the extremely cogent argument which he has presented.

Mr. KUCHEL. I thank my able friend from New York. When he referred the Senate to the exact text of the language of the motion which is in front of us, his argument was clinching and telling because what we ask to do in the pending motion, no more and no less than to give a Senate directive, to the extent we can direct, our Members on the conference to go back to conference and not exceed what the President of the United States has recommended in drafting a conference report. I very much hope that in giving bipartisan support to the admin-

istration, we may now give a resounding victory to the motion before us.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Connecticut, to recommit the conference report with instructions.

Mr. LAUSCHE. Mr. President, I heard the colloquy between the Senator from Connecticut and the Senator from Alabama with respect to the figures, and I heard it said that in FNMA there are moneys available now to be turned over to the Treasury, and then by the Treasury to be used to pay off the national debt; and that \$750 million of that money is now being authorized for housing. That is new money, in my opinion. It is not usable unless the bill is passed. It cannot be argued that that is not new money.

Mr. BUSH. The added point should be made that it was not requested by the administration, which asked for only \$750 million. The conference report doubles it by this process.

Mr. LAUSCHE. The argument was being made that that is not new money. It will not be available unless the bill is passed. To that extent it increases the President's recommendations by \$750 million. I also heard the Senator from Alabama admit that \$200 million was new money for certain types of buildings.

Mr. SPARKMAN. Farm housing.

Mr. LAUSCHE. Therefore, at least \$950 million is money added to the recommendation of the President.

Mr. BUSH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUSH. Mr. President, I should like to discuss briefly the pending motion.

I have moved that the conference report on S. 1922 be recommitted to the conference committee with instructions to the Senate conferees not to exceed requests for authorizations made by the administration, as listed in the attached table which I make part of my motion, and with further instructions that the conferees carefully examine the provisions of title I with reference to mortgage terms on sales housing.

The table includes not only the requests made by the administration in connection with S. 1428, the administration housing bill, but also its requests on such matters as mass transportation and open spaces which were submitted to the conference committee.

The effect of my motion would be to instruct the Senate conferees to insist upon a savings of approximately \$1.6 billion in the bill.

Mr. WILLIAMS of New Jersey. Mr. President, I ask unanimous consent that my remarks in connection with the conference report on the housing bill may be printed in the RECORD prior to the

vote on the motion to recommit offered by the Senator from Connecticut.

Mr. President, I was delighted with the action of the joint conference on the housing legislation in retaining the open space program. I merely wish to urge the Senate to approve this program, which represents a meaningful beginning toward recognizing the crisis we face in uncontrolled urban sprawl.

In the last 10 years, we have put more than half as much new and unspoiled land to urban use as we did in all the previous years since this country was founded.

Under the pressure of rapidly expanding population growth, higher wages, and greater mobility, we have been pushing the urban fringe out from the central city at an unprecedented rate. And as we have laid out these seas of subdivisions, we have pushed nature's horizon farther and farther away from more and more people.

We have failed to recognize that well-planned urban growth must take our open space needs into account. We cannot just say that with our modern expressways anyone can reach the countryside in 40 or 50 minutes. In the first place, it just is not true where I come from. One can drive for hours in the New York metropolitan region and never escape the unbroken monotony of urbanization.

But that really is not the point, because our open space needs include much more than being able to picnic in the country on the weekend. What do our children do for open space during the week day? I am sure there are plenty of subdivisions that have made ample provision for the backyard barbecue pit, but have failed to provide a single area where the kids can play a game of football or baseball.

Also, it seems to me that if we can pinpoint the single greatest lack in the huge so-called "gray" areas that surround most of our metropolitan core areas, it is the lack of the amenities of open space. Mile after mile of dreary housing and bad zoning, with nothing like a park or open space to serve as an incentive for maintaining property values. I have no doubt that many of our present suburban subdivisions will suffer the same fate as our "gray" areas for the same reason.

In other words, it seems to me that it is of highest importance that we plan and provide for a sufficient amount of open space as an integral part of urban development, just as we provide for schools, roads and all the other necessary community services.

We have got to recognize that open space is no mere luxury, but a necessity as important as any other public facility.

This brings me to one of the questions that has most often been raised about this legislation—that the disappearance of open space is something of concern only to the large metropolitan areas on the eastern seaboard.

On the contrary, in the east, from Boston to Newport News, we will be lucky if we can preserve just some of the few remaining patches of green from the bulldozer.

When you look at open space as an integral part of urban development and growth, it becomes clear that open space is of paramount importance to the smaller and rapidly growing urban areas all over the country. We are almost beyond redemption on the eastern seaboard, but there are smaller, rapidly growing urban areas in every State that still have a chance to work a program of open space preservation into the whole fabric of urban development and expansion that lies ahead.

If they do not preserve the open space now while there is still time, they will never be able to. Once the subdivisions are built, they will not be torn down to provide open space.

A look at the preliminary reports from the Bureau of Census shows the startling rate at which many of our smaller and medium urban areas are growing all across the country.

At least 83 towns with a population of over 25,000 people grew more than 100 percent in the last 10 years.

The population of Huntsville, Ala., increased 337 percent, from a town of 16,000 to one of 71,000. Irving, Tex., grew from a sleepy little town of 2,000 in 1950 to a city of 45,000 in 1960—an increase of 1,632 percent. Hampton, Va., expanded from 5,000 to 88,000—an increase of 1,389 percent.

A number of cities in Illinois also grew. I notice that Senator DIRKSEN's home town of Pekin increased only a modest 27 percent in the last 10 years. But Skokie, Ill., grew from 14,000 to 59,000—an increase of 300 percent. And Rockdale, Ill., grew a whopping 1,866 percent. Perhaps if our distinguished colleague from Illinois had come from Skokie instead of Pekin he would display more enthusiasm for reasonable and orderly open space in urban development.

But even these percentages do not tell the whole story. Many cities added a lot of people to their population and undoubtedly plowed under a lot of open space to house them, but because the population was fairly large to begin with, the percentage of increase may not be very startling.

For example, Topeka, Kans., grew only 50 percent in the last 10 years, but it represents an increase of 40,000 people, who can cover up a lot of land with our present pattern of low-density sprawl. There are undoubtedly hundreds of urban areas experiencing the same growth as Topeka.

I want to emphasize, however, that open space is essential not only for orderly urban development and to prevent the all too familiar "gray" areas surrounding many of our cities.

Not only do we need it to enhance property values, improve community appearance, serve recreational needs, and afford some relief from the concrete and steel of urban living, we also need it for a variety of conservation purposes.

Each year we seem to hear more and more about the problem of floods. I doubt very much that nature is acting up any more than usual. I do strongly suspect that we are failing to preserve our flood plains as open space, thus keep-

ing people from building where they should not have built in the first place.

An effective open space program could do much, I am sure, to reduce the expenditures we are making and will have to make to correct the problems arising from the misuse of our land around the urban areas—problems of sedimentation that arise from the reckless denuding land of its vegetation, storm drainage problems that arise from the careless bulldozing of long established natural drainage patterns, problems of water pollution that arise from the improper preservation of our stream valleys.

Finally, I would like to touch upon another value of open space—to help shape the timing, character, and direction of community development.

I have great hope for an open space program—if it is based on sound and imaginative comprehensive planning—as a tool for helping our urban and metropolitan areas achieve some alternative to endless low-density suburban sprawl.

To me it is self-evident that we cannot much longer afford the luxury of such sprawl. Los Angeles, sometimes referred to as 100 suburbs in search of a city, is finding this out the hard way. Seventy-six percent of the capital investments required by each family moving into the country go for roads, streets and highways, leaving schools and all the other public facilities to scramble for the remaining 24 percent. And now they are finding that this enormous investment in roads and highways needed to accommodate the sprawl has merely compounded the problem of traffic congestion. So they are now preparing to embark on a program to provide rapid transit, which they once had and then abandoned.

Obviously the greater the sprawl, the greater our transportation costs, and the more difficult it becomes for private enterprise to provide modern mass transportation service without going bankrupt in the process. With everyone dependent on their automobiles in the suburbs, massive traffic jams build up with everyone converging inward to work from the outlying areas. These traffic jams, in turn, make surface mass transportation in the higher density areas just as ineffective as the automobile.

The sprawling suburban communities find themselves building four or five small schools for the same number of children that one larger school might serve in a higher density area, because there is just so far the children can walk to school these days. And the multiplication of small schools makes it that much more difficult to find enough competent teachers to support a well-rounded curriculum in each school.

The cost of homes also goes up when they must be built to serve a population spread thinly over a large area. Someone has to bear the higher costs of sewers, streets, drainage, earthwork, utilities, irrigation and water supply—either the people of the community through taxes, or more likely the developer, who merely passes the cost along to the buyer.

So much for the curse; what is the cure?

It seems to me that in seeking to provide some alternative to urban sprawl we need to concentrate as much on how we use land as how we preserve open space.

If we merely concern ourselves with the problem of preserving open space, we will find ourselves fighting a losing battle. The tide of urbanization will inevitably engulf even the most ambitious open space program we can reasonably expect to be undertaken. Our efforts to preserve open space will be like a chapter out of *Perils of Pauline*, with our governments striving desperately at the last minute to save some virgin tract from the onrushing urban locomotive.

We must find some way of channeling future growth into more imaginative, less land-consuming patterns. There have been many suggestions and efforts along this line, from the revitalization of our central and inner-ring cities, to the development of cluster communities, new satellite cities, or corridor developments, as is being proposed here in Washington.

But it is equally obvious that just as the preservation of open space by itself will not give us a better pattern of urban development, neither will the development of new satellite cities or radial corridors. What will prevent the boundaries of these new cities or corridors from breaking down and spilling over unless we have, at the same time, an effective program for the preservation of the open space around them? Certainly if past history is any guide, we can ill afford to rely on the zoning ordinance, which seems to be rather susceptible to the blandishments of the buck.

From the standpoint of giving our urban and metropolitan areas the tools they need if they are to become the masters of their destiny, rather than the victims of it, I would say that the enactment of an open space program along the lines of the legislation I have introduced is an urgent priority.

I am glad to say that President Kennedy also called this an urgent matter when he stated:

Land is the most precious resource of the metropolitan area. The present patterns of haphazard suburban development are contributing to a tragic waste in the use of a vital resource now being consumed at an alarming rate.

Mr. President, a great number of newspapers all over the country have commented on the open-space problem. I ask that some of their comments, together with an article by William White appearing in the *Newark Commerce*, be printed in the *RECORD* at this point.

There being no objection, the matters were ordered to be printed in the *RECORD*, as follows:

[From the *Washington Star*, June 27, 1961]

VICTORY IN THE HOUSE

Apart from the notable legislative victory which it represents for the Kennedy administration, there are two major aspects of the housing bill as approved by the House which bear remembering.

On the one hand, there is much in the huge \$4.9 billion bill which is not new. Much of the money, including the \$2 billion for urban renewal and the \$1.2 billion for college housing, is for programs which already are well established. And instead of

dealing with authorizations for these programs on an annual basis, as has been the practice in recent years, the omnibus bill covers the needs of several years at a single bite. But the House-passed bill also drastically broadens Federal aid in numerous categories of housing and plows virgin territory with still other provisions which are untested and frankly experimental in nature.

Of these, the most controversial are the long-term, low-downpayment mortgage proposals to provide private sales and rental housing for low-income families. We believe that the 40-year mortgages, as adopted by the Senate, are unrealistic and that the House provision for maximum 35-year mortgages for sales housing is at least a slight improvement which should be adopted in conference. At best, however, this program faces an uncertain future, and it is well that its authority extends on an experimental basis for only 2 years.

Another pioneering provision of the House bill, unfortunately not widely understood, would provide \$100 million in grants to help purchase open spaces in the sprawling congestion of urban areas. Spread among the Nation at large, \$100 million would not go far. But this is proposed to be "seed" money, designed to stimulate local areas to provide most of the cost. The Federal grants, for example, could cover no more than 30 percent of the cost of any project. In addition, metro areas would have to adopt regionwide development plans in order to qualify for Federal help. This is a worthy program, which we think should be accepted by the Senate conferees.

[From the *Philadelphia Bulletin*,
June 21, 1961]

ORDER OUT OF HOUSING CHAOS

The many-faceted housing bill passed by the U.S. Senate continues and expands the well-established policy of Federal encouragement to homebuilding and homeownership, a corollary of which has been the rapid and indiscriminate sprawl of housing in America's suburban areas.

It therefore seems strange, and unfortunate, that the Senate knocked out of its housing bill a provision which could have brought some sort of order out of this chaos and which would have helped to insure that the housing so encouraged remains attractive and worth living in.

This is the provision, formulated by Senator HARRISON WILLIAMS, of New Jersey, which would provide \$100 million in grants to local and State governments on a matching basis to encourage them to acquire and plan in open space and park land.

While this is a relatively modest amount of money, its beneficial effects would be multiplied many times over. It would act as a catalyst for additional local funds, for the establishment of local programs, for the encouragement of local open space planning.

The provision, although defeated by a small margin and after little consideration in the Senate, is still included in the House version of the housing bill. If the House retains it, there is still some hope that the Senate-House conference will keep it in the final bill.

The blight the provision seeks to correct is a national problem. It is to the interest of every urban and suburban resident that the provision be saved.

[From the *Camden (N.J.) Courier-Post*, May 6, 1961]

OPEN SPACE BILL LOSS MAY BE GAIN

A Senate housing subcommittee has whittled down the urban open spaces bill sponsored by New Jersey's Senator WILLIAMS.

As introduced, the bill would have made \$100 million a year for 5 years in Federal

funds available for matching grants to local governments to purchase open space land in and around urban areas. It is a desirable measure and indeed, some legislation of the sort is necessary if we are not to have a tragic shortage of parks, playgrounds, and recreational areas in our urban areas in the early future.

The subcommittee now has decided to cut the provision for matching grants down to a total of \$100 million, rather than \$500 million. On the surface this would seem to be a disastrous slashing. But WILLIAMS says that while he is disappointed at the reduction, the committee decision enhances the chances of open space legislation this year.

As voted by the subcommittee, the grants will be incorporated in the omnibus housing bill of 1961, which is reasonably certain of passage. WILLIAMS had anticipated that his separate bill would have required a year of debate and discussion before action was taken.

But with its incorporation in the omnibus measure, and with the widespread and favorable response it has received, he believes that his ultimate objectives will be hastened, not set back, by the subcommittee action. We hope he is right.

[From the *Bergen (N.J.) Evening Record*,
Apr. 24, 1961]

A PLANNED ALTERNATIVE TO PLANNED SPRAWL?

Senator WILLIAMS, Democrat of New Jersey, was speaking to the Maryland's Governor's Conference on Recreation and Parks, but he was talking to us back home. His subject was urban sprawl—the mindless way in which we have carefully planned our affairs so that metropolitan gray areas are gobbling up farm and pasture and woodland at a rate of a million irreplaceable acres a year—but he was talking about any town's zoning ordinance. "Which," he added after a pause, "is notoriously susceptible to the blandishments of the buck."

Senator WILLIAMS, one of the legislative experts on land use, is author of an open-spaces bill authorizing the Housing and Home Finance Agency to grant up to \$100 million a year to municipalities or regional agencies for acquisition of open land. The bill was endorsed by Robert C. Weaver, HHFA Administrator, last week, and guaranteed his Administration support for the bill or something much like it.

But Senator WILLIAMS wasn't talking about rich and distant Uncle. He was saying there at Annapolis that by taking thought in our development from now on we can preserve open space and have the housing too that a growing population will need. He might have been addressing an audience in Saddle River or Woodcliff Lake or Mahwah or the Northern Valley:

"Consider the proposal of Victor Gruen to cluster the development of 250 homes on 4 percent of the 516-acre Whitney estate at Old Westbury, Long Island. This would have involved no more than a series of two- or three-family 'town' houses, each with two outdoor patios. The cluster development would have retained 96 percent of the very lovely land in its natural state, and it would have reduced the land-development costs by approximately \$1.6 million."

The town turned down Victor Gruen. But why wouldn't it work? Why wouldn't it work better than zoning one little house per acre or 1½ acres or 2, chewing up land, laying it bare, snatching it out of use? In our insistence on lot or acreage zoning have we actually been planning blight and sprawl? Perhaps it is just whistling in the graveyard to say so, said Mr. WILLIAMS, but in our common concern we may yet force ourselves into the almost embarrassing position of saving money at the same time we are saving nature.

[From the Daily Home News, June 22, 1961]

HOW TO CONTROL URBAN SPRAWL

Coast to coast, more and more of the American countryside is bowing to the bulldozer every year. Granted today's population pressures, there is no way to stop the carving-up process. But possibly we can exercise some control over it.

Annually, about 1.5 million acres of open land go into "special use," mostly for urban development, highways, and airports. Land taken for urban purposes is expected to more than double the present total by the year 2000.

Some talk of the loss of natural beauty spots, wildlife refuges, watersheds, valuable woods and cropland, just plain green space to breathe in. Others, observing haphazard urban sprawl and the chewing up of 60-acre plots for single superhighway interchanges, argue that it's downright bad economics.

This is a problem for communities of all sizes. More than 80 U.S. centers in the 25,000 population class grew 100 percent in the past decade. A town in Texas which had 2,600 in 1950 now has more than 45,000 and is still surging.

In Washington one of the worriers is Senator HARRISON WILLIAMS, of New Jersey. He proposes a starting \$100 million Federal grant to local areas to help them buy up wide swaths of open space in their outlying zones.

He and other proponents argue that these green wedges not only would be immensely valuable in themselves, but would serve to channel growth along sensible economic lines.

WILLIAMS' open-space proposal suffered narrow defeat in the Senate, but clings to life in the House. A slashing midnight assault by Senator EVERETT DIRKSEN ripped it out of the omnibus housing bill.

His ridiculing criticisms may have had just point. The proposal seems loosely drafted, with discretionary authority over the program vaguely defined. Though the plan would hold Federal grants to 25 to 35 percent of a project's total cost, there is no dollar ceiling and no time limit. It reads like a script for a Treasury raid.

If the measure were doctored to introduce precise controls on the use of authority and funds, it might find wider House support. For certainly no lawmaker can question the need to put some curbs on the indiscriminate spread of the treeshoppers and earthmovers.

[From the New York Times, June 21, 1961]

URBAN SPRAWL AND OPEN SPACE

The haphazard suburban developments—"urban sprawl"—spreading with alarming speed around the perimeters of our cities present an issue of truly national proportions. The open land areas are rapidly giving way to the indiscriminate advance of the bulldozer and the real estate promoter. Yet open space is essential not only to the suburban areas themselves but also to the welfare of the cities they surround. Planning and controls are badly needed to assure that the developments which do take place provide the best possible environment for living and for efficiency in transportation and production.

Title VII of the Federal Housing Act, now before the House of Representatives, contains a sound program for Federal aid, both financial and technical, to local and State bodies in meeting these needs—incorporating for the most part the proposals of Senator HARRISON WILLIAMS, of New Jersey, referred to in a letter on this page. The assistance provided for in title VII would be given only to projects essential to a well-conceived area development plan. This would be an effective stimulant to State and local action which otherwise might not be taken.

While the Senate passed the housing bill by the decisive vote of 64 to 25, title VII

was separately voted down—without adequate consideration and by a majority of only 4. The House should keep it in the bill and, if it passes, so should the conference committee in the final draft.

[From the St. Petersburg (Fla.) Times, Mar. 26, 1961]

PARKS ARE TOO PRECIOUS TO SQUANDER

It is quite understandable that some Tarpon Springs commissioners wish to raise money for street repairs by selling part of a tract of land others want to give to the county park board for a new county park.

There are 70 acres in the waterfront tract, and the commission majority wishes to retain 40 acres for sale to developers. The park board has expressed reluctance to attempt creating a park on only 30 acres.

In our view, however, the commission majority is being pennywise. There is no more precious commodity in this highly urbanized county than suitable park lands. With every passing year they grow more scarce and more precious.

Senator HARRISON WILLIAMS, of New Jersey, recently introduced a bill to establish Federal responsibility in sharing the efforts of cities to preserve open spaces for parks and recreation. Speaking on the bill's behalf, he said:

"As far as land is concerned, this Nation has never really relied on a budget. We have used up our acres as we needed them, and we have moved on when we had to. We have been profligate and heedless with unplanned development eating up our precious open land."

The trouble with our old way of using up acres and then moving on is that we have just about played out that string. Nowhere in Florida is this as true as in Pinellas County, where we have more than three times as many persons per square mile as any other county in the State.

As badly as Tarpon Springs undoubtedly needs street repairs—as we do in St. Petersburg—nevertheless the \$60,000 the commissioners think they can realize by selling off the 40 acres rather than having it made into a park would be the most costly money they ever spent.

Take a look at what has already happened to almost every foot of our gulf beachfront. With the northward trend of our population growth, in only a few years the residents of Tarpon Springs will bitterly rue the day when they chose street repairs instead of park land—if that decision stands. We hope it won't.

[From the St. Louis Globe-Democrat, June 5, 1961]

HIGH COST OF CHAOS

Senator HARRISON A. WILLIAMS, New Jersey Democrat, offered some words of wisdom the other day that every suburban area—including St. Louis County—should weigh.

Why is suburban living becoming a luxury, rather than an economy? The answer, he said, lies in the haphazard, unplanned growth that goes by the name of "urban sprawl."

Senator WILLIAMS cited Los Angeles as the horrible example. In Los Angeles, he said, 76 percent of all capital investments must go into streets and highways, leaving the schools to "compete with all the other public facility needs for the remaining 24 percent."

The sprawling suburbs make it difficult, if not impossible, to have compact school districts, and high schools big enough to offer a wide variety of courses in science, mathematics and languages.

To pay for schools and other essential services, a community must have stores, factories, and warehouses, and "high-density" dwellings, like apartments, as well as ranch-houses on 1-acre lots.

In St. Louis County this lesson is being ignored. To bring about an orderly, balanced growth, the county must have a land-use plan and stick to it.

More than 4 years ago, in February 1957, the St. Louis metropolitan survey pointed out the high cost of chaos in St. Louis County. Its preliminary report, called "Background for Action," stated:

"On a per capita basis there (is) very little difference in the cost of local government between the city of St. Louis and the county as a whole. The governmental units of each spent in the aggregate about the same amount per resident to provide public services for their citizens.

"In 1955, total expenditures, on a per capita basis, were \$112 in the city and \$109 in the county."

Furthermore, it added, "governmental costs in general have increased more rapidly in the county than in the city." They will continue to skyrocket unless the county makes some basic reforms, the study warned.

Yet, the county's land-use plan, prepared by one of the Nation's leading planning firms, is an orphan. No one seems to be telling St. Louis Countians that the alternative is no plan—and that no plan means more costly chaos for county dwellers.

[From the Washington Post, Feb. 11, 1961]

OPEN SPACES BILL

Senator HARRISON A. WILLIAMS, Jr., of New Jersey, has come up with a bill that will have a wide appeal for urban and suburban dwellers throughout the country. He would create a \$100-million fund that could be used over a period of 5 years on a matching basis to help State and local governments protect open spaces that ought to be devoted to parks or other recreational or conservation uses. It would set up a sort of "Capper-Cramton" program for the country as a whole.

The operations of the Capper-Cramton Act over a period of 30 years are responsible for saving many of the stream valleys in the Washington area from the bulldozers. Millions of dollars have been saved by purchasing land suitable for parks before it has acquired real estate values. It was a grave mistake when Congress finally cut off funds for this purpose last year, and an effort is now being made to correct that error by providing \$1.2 million in the new budget to match Virginia and Maryland funds for stream-valley purchases.

Congress has a special obligation to exercise foresight in the protection of open spaces near to the Nation's Capital, but the problems of other cities are not essentially different. Urban sprawl is spreading over the countryside at an alarming rate. Unless local governments act quickly to save scenic and historic spots, recreation areas, and green belts to relieve the monotony of endless suburbs, many of the amenities of urban living will be lost for all time.

We are well aware of the fact that there are many demands upon the present Congress. In few instances, however, will a current outlay of funds hold greater promise of future return in terms of savings and conservation than that proposed by the Williams bill.

[From the Bergen (N.J.) Record, Feb. 15, 1961]

CAN YOU PROPOSE BETTER SOLUTIONS?

New Jersey's experience with Federal aid is far from heartening. The State pays out almost \$2.50 for every \$1 in Federal aid it gets back. And there is something like \$7 billion of Federal aid in the 1961 budget. Senator WILLIAMS, Democrat, of New Jersey, wants to add \$100 million more, for open area. Reluctant as many Jerseymen are to espouse more Federal aid for a State that has to come out on the small end, some of

the points Senator WILLIAMS makes are all but unanswerable.

Consider, for instance, this excerpt from his latest "Report Home," the Senator's semi-monthly newsletter:

"We are now urbanizing at the rate of more than a billion acres a year. In the last 15 years we have put almost two-thirds as much new land to urban uses as we did in all the previous years in the history of our country. We all want this growth to continue. But there is a difference between growth and sprawl. The question is whether we wish to continue with our haphazard, wasteful, and often deeply unsatisfying pattern of development or whether we wish to create something of lasting value to marshal our resources and revitalize our entire urban environment, both at the fringes and at the center."

If this is not all microscopically germane to Bergen County's growth pattern, what Senator WILLIAMS has to say next certainly is:

"Out in the sprawling suburbs, for instance, communities find themselves building five small schoolhouses to serve the same number of children that attend one larger school in the higher-density centers, because there is just so far that children can travel to school. Since there is hardly a one-family house that yields sufficient tax revenue to pay the costs educating a child living in it, little wonder that homeowners are feeling the pinch on their property taxes and the communities and the States are looking to the Federal Government to share the burden."

Yet, with all this talk about open area and the scarcity and cost of land, we continue to employ conventional methods of development which methods are perhaps the most inefficient and wasteful we could design. Mr. WILLIAMS has an idea there too:

"To cite just one of the many ways in which open space can be related to urban development, the architect Victor Gruen proposed that the 516-acre Whitney estate in Old Westbury be developed as a cluster development [of the kind] which was first made famous in Radburn. If one were to build 247 houses on conventional 2-acre plots, the entire tract would be covered. Instead Gruen proposed that 96 percent of the land be kept open for golf courses, tennis courts, and wooded areas and that the same 247 dwellings be clustered in the remaining 4 percent of the land in attractive townhouse style."

Mr. Gruen is sometimes regarded as fanciful. Mr. WILLIAMS has proposed a big Federal grant. And perhaps New Jersey is not ready fully to accept either.

But if we are to avoid the sprawl that Mr. WILLIAMS mentions; if we are to keep open areas; if we are to provide education and still not have confiscatory real-property taxation, then we shall have to do a good many things we do not relish and have not done before. We shall have to update our thinking. There are hopeful signs. The proposal by Mr. WILLIAMS is one. Governor Meyner's green acres plan is another. But until people demonstrate that this, or something like it, is what they want, Government is not likely to make them take it.

[From Newark Commerce, May 1961]

NEW JERSEY'S FIGHT AGAINST URBAN SPRAWL— OR HOW TO AVOID SUBURBAN RENEWAL

((By William H. Whyte))

They call it the Garden State; but it's touch and go. As anyone from New Jersey uncomfortably knows, there are few States which have been transformed so quickly by suburban development. It was one of the most urbanized States to begin with; its gentle, open terrain offered few roadblocks to development, and great new highways removed the barrier of time between the cities

and the outlying areas. The great wave of suburbanization that followed has produced some excellent communities; it has also helped to produce a sprawling mess in which the miscellany of developments has been splattered in a pattern which is uneconomic and which looks like the Devil. There are many communities left which still have a chance to save something of the open space people once took for granted, but the time is very short indeed.

The news is that New Jersey is about to take effective action; indeed, there is a very good chance that it may turn out the foremost State in the Union in this respect. If the State's \$60 million Green Acres program goes through, not only will the State be able to acquire key open spaces before the price soars out of reason but, thanks to the grant-in-aid provisions, all of New Jersey's communities will be helped to take action while it is still possible. And many more communities elsewhere: for programs like this are highly contagious. If successful, the New Jersey Green Acres plan, along with New York's \$75 million open space program and Wisconsin's \$50 million program are very likely to spark a wave of similar programs all over the country.

NEW JERSEY FURNISHES LEADERSHIP

New Jersey is furnishing vital leadership on another count. Thanks to Senator HARRISON WILLIAMS, a Federal aid program for local open space acquisition program may soon be a reality. Senator WILLIAMS has proposed that the Federal Government, through the HHFA spend \$100 million in grants-in-aid to States and local governments for the acquisition in land and rights in land if the communities will tie it to a comprehensive plan for their area. Thanks to the pioneering work of Senator WILLIAMS, the Federal Government—whose highway and housing programs have so long helped accentuate sprawl—may soon assume its responsibility for helping communities meet the problem.

The beauty of both these programs is that they are not theoretical; they coalesce all of the principal lessons that have been painfully learned. For a long time many different groups have been tackling the open space problem: in New Jersey, there has been the department of conservation and economic development, the watershed associations, such as Stony Brook-Millstone Watershed Association, the soil conservation districts, and a host of different civic groups. Here as elsewhere, it has been a pragmatic trial and error process; but as experiences have been pooled, a number of important lessons have been learned.

The first lesson is that zoning is not enough. Only a few years ago, most communities looked to the police power as their main weapon against sprawl, and they thought the best exercise of it to be large lot zoning. This would make the developers go somewhere else. Many of them did—and this is precisely why sprawl was vastly speeded up. Large lot zoning has its place, but applied wholesale it forces developers to leapfrog out for cheaper land—or where the zoning is easier—and way in advance of any community plan for services, open space, industrial parks, and such. Worse yet, within an area large lot zoning forces developers to squander an awful lot of land to house a given number of people and to lay down so much paving to connect it all that as far as open space is concerned there often seems to be as much asphalt as there is grass.

OPEN-SPACE PROJECTS FORESEEN

Some recent pilot projects, notably in Philadelphia, have shown that if the community encourages a developer to cluster his housing on a tract of land, there will be some real open space left over for the people to enjoy, and the cost to both the homeowner and the community will be less because of the great savings in the provision

of roads and service facilities. To venture a prophecy, over the next 2 or 3 years, there will be a growing number of such developments in New Jersey and those communities which adapt their zoning regulations to encourage this kind of development are going to have a sounder economy than others, and they'll look better, too.

But the fact still remains that zoning alone can't do the job. There are other kinds, of course, like flood plain zoning and agricultural zoning, which can be highly useful in any community plan. But woe betide any community that thinks this is going to do the trick. In one State after another, the lesson has been made clear: such zoning can buy time, but it can fold up very easily when the bulldozers draw near. The zoning may have kept the land open—but only so long as it suited all of the landowners.

THE HEART OF THE ISSUE

Couldn't the police power be strengthened so that owners in a scenic area couldn't subdivide? Here we come to the heart of the issue. Is open space a benefit—or merely the absence of something harmful? In situations where it would be clearly injurious if the land were built upon, such as a flood plain, the community has every right to enjoin a property owner from building on it. In most cases, however, the public is looking to open space as a benefit; if it relies on the police power to keep the land open it is trying to make the owner provide the benefit free without the public paying a cent to compensate him. This is unfair and the courts have been saying so.

And so, somewhat reluctantly at first, community after community has been facing up to a hard truth: If the public wants the benefit of open space, it's got to be prepared to pay for it.

One reason people had resisted this truth is the feeling that the bill would be hopelessly high; no area has money enough to buy outright all the open space it would like and if it did, it would still have the problem of what to do with the land once it got it. Some of the land would be used for parks, but parks alone don't meet the problem; communities also want to preserve the natural landscape—the farms, the stream meadows—and to see it kept productive and alive.

EASEMENT PREFERABLE TO OUTRIGHT ACQUISITION

It can do so. To keep land open the public does not have to buy the whole bundle of property rights from the landowner; thanks to the ancient device of the easement, it can buy a right in the land—the right that it not be loused up. In many cases, indeed, this would be preferable to outright acquisition, even were money not a factor. Imagine, for example, a stream valley in an area on the fringe of suburbia. The community might wish to buy some land in it for a park—and let the obvious again be stated; for the core of an open space program there is no substitute for outright acquisition. But the community also wants to save the meadows bordering the stream; this is the scenic heart of the entire area and the spine of its drainage network. The community goes to the landowners and buys from each a conservation easement covering that part of their land falling within the stream area to be conserved. The title remains with the landowner, and he can continue farming it—indeed, it is this continued productive use of the land that helps make it so amenable; the only thing he has given up is the right to splatter it with billboards or chop it up into development. This provision runs with the land, and is binding on future owners.

How much would easements cost? It depends on how much market value the owner loses by virtue of the easement and this depends on time and place. In a built-up area, where the speculative pressures are in-

tense, it is probably too late to use the device; in outlying areas, however, the cost would be far less; indeed, it often suits the self-interest of the landowner to give the community an easement. For one thing, he is afforded tax protection; on land covered by an easement, he obviously cannot be assessed on the basis of what a subdivider would pay for it, since a subdivider can't buy it. Secondly, because of the guarantee that the key part of the valley will be kept open, the abutting land should increase in value; the history of park acquisition has demonstrated that a relatively small amount of open space can increase the overall valuation of an area to a considerable extent. Progressive developers are well aware of this and instead of fighting open-space programs, some have been among the leading supporters.

They should be. The point of an open-space program is not to prevent development, but to shape it. The comprehensive plan for the area must consider where development should be as well as where it should not.

To take our stream or valley again; at the same time the community is taking measures to keep the bottom land open it might also be taking measures to encourage good development on the land higher up, and an industrial park site could be part of the complex.

An open space plan should also include private golf courses. The general public has an equity in their continued openness even though it may not physically use the course itself, and it is the community's loss, more than the members', when a golf club sells out to a developer and moves further out to the country (where some years later the process is likely to be repeated). For their part, the golf clubs have a responsibility to the public; they can't justly complain about rising assessments unless they offer the public some guarantee they're not going to sell out. And zoning is no guarantee. If the golf clubs are to continue, there must be a binding deal. One possibility: give a conservation easement to the community, for in return they will have assurance that the land will be assessed only on its open-space value.

It is the interlocking of such self-interests, or, rather, the recognition of them, that is vital to a successful push. Ten years ago, most groups were going at it alone—and being defeated in detail. Each group may have wanted the same end result, but they didn't know that so many others did, or they didn't like their reasons. Watershed people might have wanted a valley saved because it was a natural storm sewer; the farmers because it contained the best soil in the area; recreation groups because of its fine park sites; city planners because it would afford breathing space for later urban development; local land owners because they didn't want urban development at all.

The trouble, it seemed, was the other fellow. Sure the area should be saved, people would tell you, but it would take too much money and the people would never go for it.

But now, the groups have been getting together and what a surprise: the people do go for it—indeed, open space is proving to be surprisingly full of political moxie. Just in the last several years, bills have been introduced in most of the big States to enable communities to purchase land and easements for open space conservation.

The sponsors of these bills report pretty much the same experience; each thought it was the sort of thing you threw into the hopper and let it season for a couple of years. To their surprise, the bills attracted immediate support. In some States they passed unanimously and in others, almost unanimously. The rural-urban conflict so many people had feared, turned out to be a rural-urban alliance. In Maryland, for example,

an amendment was put before the voters in last fall's election to provide lower assessments for farmers so that their land would not be taxed in the development. The plurality was heavy in favor of it and in the cities as well as out in the counties.

The enabling statutes didn't provide any money but they helped create a momentum toward the next logical step: State money to do the job. When the New York \$75 million bond issue for open space came before the voters last fall, the plurality was roughly 3 to 1 in favor.

For New Jersey's Green Acres program the omens seem excellent. Because it is broadly conceived, it can unify the interests of every segment of the population. Note that it calls for open space not only for recreation, but "for conservation of natural resources." This latter provision is crucially important; instead of restricting the program to conventional park acquisition, it dovetails many different kinds of land conservation and makes each that much easier. Soil conservation districts, for example, provide benefits for many more people in the area besides the farmers involved; by the same token, park and easement acquisition in the surrounding area can greatly help maintain the integrity of the soil conservation districts. Because of this overlapping of self-interest, the leverage power of each dollar spent for open space can be greatly magnified.

The same is true of the Federal open space provisions pioneered by Senator WILLIAMS. As with the State program, the point is not to superimpose some grandiose master plan of Green Belts; it is to assist communities in working out a comprehensive plan for development of the area. To put it another way, by investing dollars in open space now, the public can avoid having to spend many more dollars later in a vast suburban renewal program. And it will still be the Garden State.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Connecticut, to recommit the conference report, with instructions. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HICKEY (after having voted in the affirmative). On this vote I have a pair with the senior Senator from New Mexico [Mr. CHAVEZ]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I therefore withhold my vote.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. BURDICK], the Senator from Connecticut [Mr. DODD], the Senator from Louisiana [Mr. ELLENDER], the Senator from Tennessee [Mr. GORE], and the Senator from West Virginia [Mr. RANDOLPH], are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

On this vote, the Senator from Louisiana [Mr. ELLENDER] is paired with the Senator from Nebraska [Mr. HRUSKA]. If present and voting, the Senator from Louisiana would vote "nay," and the Senator from Nebraska would vote "yea."

On this vote, the Senator from Connecticut [Mr. DODD] is paired with the Senator from Kansas [Mr. CARLSON]. If present and voting, the Senator from Connecticut would vote "nay," and the Senator from Kansas would vote "yea."

On this vote, the Senator from West Virginia [Mr. RANDOLPH] is paired with the Senator from Vermont [Mr. PROUTY]. If present and voting, the Senator from West Virginia would vote "nay," and the Senator from Vermont would vote "yea."

On this vote, the Senator from North Dakota [Mr. BURDICK] is paired with the Senator from Tennessee [Mr. GORE]. If present and voting, the Senator from North Dakota would vote "nay," and the Senator from Tennessee would vote "yea."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. CARLSON], the Senator from Hawaii [Mr. FONG], and the Senator from Vermont [Mr. PROUTY] are necessarily absent.

The Senator from Nebraska [Mr. HRUSKA] is absent on official business.

On this vote the Senator from Kansas [Mr. CARLSON] is paired with the Senator from Connecticut [Mr. DODD]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Connecticut would vote "nay."

On this vote the Senator from Nebraska [Mr. HRUSKA] is paired with the Senator from Louisiana [Mr. ELLENDER]. If present and voting, the Senator from Nebraska would vote "yea," and the Senator from Louisiana would vote "nay."

On this vote, the Senator from Vermont [Mr. PROUTY] is paired with the Senator from West Virginia [Mr. RANDOLPH]. If present and voting, the Senator from Vermont would vote "yea," and the Senator from West Virginia would vote "nay."

The result was announced—yeas 42, nays 47, as follows:

[No. 87]
YEAS—42

Aiken	Dirksen	Proxmire
Allott	Dworshak	Robertson
Beall	Eastland	Russell
Bennett	Goldwater	Saltonstall
Boggs	Hickenlooper	Schoeppel
Bridges	Holland	Scott
Bush	Keating	Smathers
Butler	Kuchel	Smith, Maine
Byrd, Va.	Lausche	Stennis
Capehart	McClellan	Thurmond
Case, S. Dak.	Miller	Tower
Cooper	Monroney	Wiley
Cotton	Morton	Williams, Del.
Curtis	Mundt	Young, N. Dak.

NAYS—47

Anderson	Hayden	McNamara
Bartlett	Hill	Metcalf
Bible	Humphrey	Morse
Byrd, W. Va.	Jackson	Moss
Cannon	Javits	Muskie
Carroll	Johnston	Neuberger
Case, N. J.	Jordan	Pastore
Church	Kefauver	Pell
Clark	Kerr	Smith, Mass.
Douglas	Long, Mo.	Sparkman
Engle	Long, Hawaii	Symington
Ervin	Long, La.	Talmadge
Fulbright	Magnuson	Williams, N. J.
Gruening	Mansfield	Yarborough
Hart	McCarthy	Young, Ohio
Hartke	McGee	

NOT VOTING—11

Burdick	Ellender	Hruska
Carlson	Fong	Prouty
Chavez	Gore	Randolph
Dodd	Hickey	

So Mr. BUSH's motion to recommit with instructions was rejected.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. BRIDGES. Mr. President, on this question, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. COOPER. Mr. President, I do not wish to detain the Senate, but I would like to make a brief statement at this time. Is it in order for me to speak now, or has the first vote been cast?

The PRESIDING OFFICER. It is.

Mr. COOPER. Mr. President, I know that Senators wish to vote. But I wish to make a statement because of my convictions regarding what has happened here today.

I have supported every housing bill since I have been in the U.S. Senate, and I supported the Senate version of this bill a short time ago. I have voted for very liberal housing bills and, in fact, last year or the year before I voted to override President Eisenhower's veto. I want the people of my State to know why I shall vote against the pending housing bill.

We are living in a critical year and we do not know what will happen before it has passed—whether it will be one of war or peace. Before the year has ended, we shall be called upon to make larger expenditures for defense; and we must do more to assure the safety of our country. This year may be the most dangerous year since World War II.

The President has asked the Congress to restrain its spending and give priority to measures necessary for the safety of the Nation. But when these bills come before us—bills dealing with social improvement—our friends on the other side of the aisle turn to some of us on the Republican side and ask for 8, 10, or 12 votes because they know they are humane and social measures in which we believe; yet our friends on the Democratic side of the aisle, then proceed to add so greatly to the cost of the bills—add to the cost without reason—that it becomes impossible for us who believe in the purpose of the bills to vote for them.

Unless those on the Democratic side of the aisle who believe in these measures, as we do, refrain from adding money, far beyond the amount the President requests—unless the President can restrain the Members of his own party from piling on additional, and unnecessary sums—which he has not asked for—you on the other side of the aisle place us on this side in an impossible position.

I will vote against this housing bill to register my protest against the continuing practice of the Members of the President's party—the practice of adding millions of dollars to almost every bill beyond the President's request, and, if I may do so, in order to say respectfully to the President of the United States, "Restrain your own party, look to the necessity of holding expenditures in line this year, to protect the security of our country," I must vote against this measure. It is irresponsible, adding a million dollars to the President's request.

Mr. JAVITS. Mr. President, will the Senator from Kentucky yield to me?

Mr. COOPER. I yield.

Mr. JAVITS. I will vote in exactly the opposite way; but I join the Senator from Kentucky completely in the statement he has made. I will vote in exactly the opposite way because I am one of the architects of this bill, and I believe that housing is essential to the country, and, therefore, does not represent a reduction in our assets.

But I wish to join in the injunction to Senators on the other side. They cannot carry this on indefinitely; and there are measures against which I, too, will vote. Senators on the other side cannot pile expenditures on expenditures on expenditures, in the present grave situation, without regard to the exigencies we now face. So I wish to join the Senator from Kentucky in that injunction.

Mr. CARROLL. Mr. President, with the Senate's approval today of the conference report on S. 922, the Housing Act of 1961, and with House approval expected momentarily, it is clear that this important measure will soon become law.

An editorial printed in the Denver Post June 18, 1961, sums up well the significance of this bill. The Denver Post, as I am sure the Senate knows, is a paper respected throughout the Rocky Mountain empire. As the editorial points out, while reforms of building codes and financing practices are badly needed, "such reforms may be a long time coming. Meanwhile, we feel the administration's approach regardless of our misgivings about the large total cost and some disagreement on details, is more directly to the heart of the matter. This is why we support it in principle."

Mr. President, I ask unanimous consent that this fine editorial be printed in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

KENNEDY HOUSING BILL HEADS FOR HOME

Having weathered tough opposition and gained a heavily favorable vote in the Senate last week, President Kennedy's ambitious and expensive omnibus housing bill heads for the House of Representatives under circumstances which should give him cause for cheer.

Passage of the bill in something like its present form is fairly likely—although the total amount of spending (estimated at at least \$6 billion over a period of several years), and the total number of public housing units, may be reduced.

Much of the spending authorized by the bill will be in the form of loans or loan-supports—in other words, money that will be paid back.

Some of the supports will undoubtedly create an upward push in demand, which may merely stimulate the economy where it has been dragging, as the administration hopes, or may create new inflationary pressure, as opponents fear.

Certainly it will lead to the creation of a lot more dwellings, particularly for those Americans, estimated by Mr. Kennedy in the millions, who are presently ill housed.

And it will help to attack, in a major way, the stubborn problem of urban blight—a noteworthy objective.

The bill allocates \$2.5 billion to be used for urban renewal grants for another 4 years.

Complementing this is the authorization for the construction of an additional 100,000 low-rent public housing units. Representa-

tive ALBERT RAINS, Democrat, of Alabama, the bill's floor manager in the House, predicts a battle over public housing.

Since the rental from these units goes to the repayment of the governmental loans under which they are built, and for other reasons, it is difficult to estimate in dollars just what this represents in the way of Federal subsidy. But describing this as a subsidy doesn't answer the problem as to whether a better way—short of condoning the existence of slums—is available to meet the housing needs of the lowest income groups.

Most controversial section of the omnibus bill has been the moderate-income family plan based (in the Senate-passed version) on low-downpayment, limited interest, 40-year mortgages, which would require an authorization of \$750 million.

Senator HOMER E. CAPEHART, Republican, of Indiana, a man well versed in housing matters, led the upper Chamber fight against this provision. We share CAPEHART's uneasiness about the 40-year mortgages, particularly if they are applied to comparatively cheap construction.

We applaud the bill's new provision for FHA financing, on terms up to 20 years and on loans up to \$10,000 for rehabilitation of existing houses—an investment, it seems to us, in stability. Judging from housing industry's generally favorable reaction, this good provision seems likely to be retained.

An interesting objection to the Kennedy bill was contained in an open letter published a month ago in *House & Home*, professional magazine of the housing industry. The letter lauded the President's objectives, but argued that the program "is far too small to cure the vast needs you state."

In the place of more subsidized housing, the letter urged an attack on "roadblocks that still make it impossible for the dynamics of private enterprise to meet all our needs for better housing." These "roadblocks" included archaic building codes, high land costs and unsound financing practices.

They sound like appropriate areas for reform, but such reforms may be a long time coming. Meanwhile, we feel the administration's approach, regardless of our misgivings about the large total cost and some disagreement on details, is more directly to the heart of the matter. This is why we support it in principle.

The PRESIDING OFFICER. The question is on agreeing to the conference report. On this question, the yeas and nays have been ordered; and the clerk will call the roll.

Mr. BUSH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Connecticut will state it.

Mr. BUSH. Do I correctly understand that on this question a vote "yea" will be in favor of approving the conference report; and a vote "nay" will be in opposition to approving the conference report?

The PRESIDING OFFICER. That is correct.

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. BURDICK], the Senator from Connecticut [Mr. Dodd], the Senator from Tennessee [Mr. Gore] and the Senator from West Virginia [Mr. RANDOLPH], are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ], is absent because of illness.

I further announce that, if present and voting, the Senator from North Dakota [Mr. BURDICK], the Senator from Connecticut [Mr. DODD] and the Senator from Tennessee [Mr. GORE], would each vote "yea."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Nebraska [Mr. HRUSKA]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Nebraska would vote "nay."

On this vote, the Senator from West Virginia [Mr. RANDOLPH] is paired with the Senator from Vermont [Mr. PROUTY]. If present and voting, the Senator from West Virginia would vote "yea," and the Senator from Vermont would vote "nay."

Mr. KUCHEL. I announce that the Senator from Kansas [Mr. CARLSON], the Senator from Hawaii [Mr. FONG], and the Senator from Vermont [Mr. PROUTY] are necessarily absent.

The Senator from Nebraska [Mr. HRUSKA] is absent on official business.

On this vote, the Senator from Hawaii [Mr. FONG] is paired with the Senator from Kansas [Mr. CARLSON]. If present and voting, the Senator from Hawaii would vote "yea," and the Senator from Kansas would vote "nay."

On this vote, the Senator from Nebraska [Mr. HRUSKA], is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Nebraska would vote "nay," and the Senator from New Mexico would vote "yea."

On this vote, the Senator from Vermont [Mr. PROUTY], is paired with the Senator from West Virginia [Mr. RANDOLPH]. If present and voting, the Senator from Vermont would vote "nay," and the Senator from West Virginia would vote "yea."

The result was announced—yeas 53, nays 38, as follows:

[No. 88]

YEAS—53

Anderson	Hayden	McNamara
Bartlett	Hickey	Metcalf
Bible	Hill	Morse
Boggs	Humphrey	Moss
Byrd, W. Va.	Jackson	Muskie
Cannon	Javits	Neuberger
Carroll	Johnston	Pastore
Case, N.J.	Jordan	Pell
Church	Keating	Proxmire
Clark	Kefauver	Smith, Mass.
Douglas	Kerr	Sparkman
Ellender	Long, Mo.	Symington
Engle	Long, Hawaii	Talmadge
Ervin	Long, La.	Wiley
Fulbright	Magnuson	Williams, N.J.
Gruening	Mansfield	Yarborough
Hart	McCarthy	Young, Ohio
Hartke	McGee	

NAYS—38

Alken	Dirksen	Robertson
Allott	Dworshak	Russell
Beall	Eastland	Saltonstall
Bennett	Goldwater	Schoeppel
Bridges	Hickenlooper	Scott
Bush	Holland	Smathers
Butler	Kuchel	Smith, Maine
Byrd, Va.	Lausche	Stennis
Capehart	McClellan	Thurmond
Case, S. Dak.	Miller	Tower
Cooper	Monroney	Williams, Del.
Cotton	Morton	Young, N. Dak.
Curtis	Mundt	

NOT VOTING—9

Burdick	Dodd	Hruska
Carlson	Fong	Prouty
Chavez	Gore	Randolph

So the report was agreed to.

Mr. SPARKMAN. Mr. President, I move to reconsider the vote by which the report was agreed to.

Mr. CLARK. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

HOUSING ACT OF 1961—CORRECTION IN ENROLLMENT

Mr. SPARKMAN. Mr. President, I send to the desk a concurrent resolution, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the resolution.

The legislative clerk read the resolution (S. Con. Res. 30), as follows:

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate is authorized and directed, in the enrollment of the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, to make the following correction:

In section 605(c) of the bill strike out "is approved" and insert in lieu thereof "is not approved".

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama?

There being no objection, the concurrent resolution (S. Con. Res. 30) was considered and agreed to.

Mr. HART. Mr. President, I join in saluting the Senator from Alabama [Mr. SPARKMAN] for his skill and devotion in developing the housing bill and the conference report, to which the Senate has now agreed.

When we debated S. 1922 on Thursday, June 8, 1961, one minor point which I now notice has been covered in the conference report on the housing bill should be clarified.

A group of public spirited individuals in Ann Arbor, Mich., and Superior Township, Mich., several years ago formed a nonprofit corporation known as Willow Village Apartments, Inc., to build a nonprofit housing development which would serve to house families being relocated from the old Willow Run housing. These various individuals, representing professional people from the University of Michigan and other public officials from Superior Township, were motivated by civic interest, and after several years of attempting to get their program off the ground, finally succeeded in having the project built.

However, in the period from the forming of their corporation to the time of the building of the project, interest rates and construction costs rose to the point where this development could only succeed in serving the low income families which it was intended to serve if there were long-term, low-interest-rate funds available.

It was for this reason that I sponsored with the Senator from Ohio [Mr. YOUNG]

an amendment to allow the refinancing of an existing section 221 nonprofit relocation housing development under the new long-term, low-interest-rate program approved by both Houses of Congress for multifamily housing.

I merely wanted to clarify that it was our intention that a genuine nonprofit civic group such as those making up Willow Village Apartments, Inc., would be able to apply to the FHA for refinancing under our newly passed housing program.

EXTENSION OF VETERANS' GUARANTEED AND DIRECT HOME LOAN PROGRAM

Mr. SPARKMAN. Mr. President, there is lying on the desk an amendment of the House of Representatives to the amendment of the Senate to H.R. 5723.

A few days ago we passed the bill and sent it to the House. The House accepted all the Senate amendments except one, and has asked the Senate to accept the amendment of the House to the amendment of the Senate.

I have discussed the matter with the Senator from Indiana [Mr. CAPEHART] and the majority leader [Mr. MANSFIELD].

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the amendment of the Senate to agree to the amendment of the bill (H.R. 5723) to extend the veterans' guaranteed and direct home loan program and to provide additional funds for the veterans' direct loan program, which was, "on page 2 of the Senate engrossed amendment, in lines 9 and 23, strike out 'four' and insert in lieu thereof 'three.'"

Mr. SPARKMAN. Mr. President, I move that the Senate agree to the amendment of the House to the amendment of the Senate to H.R. 5723.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama.

The motion was agreed to.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, while so many Members of the Senate are present, if I may have their attention, I should like to ask the distinguished majority leader what other measures will be considered today, and the likelihood of any record votes, what the schedule will be for tomorrow and whether it is contemplated that the Senate will convene a little earlier tomorrow in order to finish the calendar of bills on which there must be action before we begin the 4th of July recess.

Mr. MANSFIELD. Mr. President, in reply to the distinguished minority leader, I point out that H.R. 7677, to increase the debt limit, is the pending business. It will be followed by H.R. 6874, the NASA authorization bill. That bill, in turn, will be followed by the resolution relating to Reorganization Plan No. 4, which I hope can be reached and made the pending business before the Senate adjourns tonight.

Reorganization Plan No. 4 will be followed by the resolution relating to Reorganization Plan No. 3, which has to do with the Civil Aeronautics Board.

The Senator from South Dakota has some proposed amendments to the educational and cultural exchanges bill, which will be considered tomorrow.

If the House passes the AEC authorization bill, that bill will be considered; if not, it will go over.

After the conclusion of morning business tomorrow measures on the calendar to which there is no objection will be considered.

Insofar as the hour of meeting tomorrow is concerned, I anticipate convening early, but I should like to discuss this further with the distinguished minority leader, so that we may reach a firm agreement.

What we would like to do is to complete the business outlined at a reasonable hour tomorrow, then have the Senate adjourn until Monday, at which time there would be only a pro forma meeting for the purpose of observing the rules, and then the Senate would go over from Monday to Wednesday, and then return prepared for business. In other words, the Senate, if we can finish its business, will, in effect, go over from tomorrow afternoon or evening until the following Wednesday. That will give Senators an opportunity to catch up on their committee work and other activities.

Mr. DIRKSEN. Will there be any record votes?

Mr. MANSFIELD. I do not know that any Senator has indicated a desire for a record vote on either the debt limit extension bill or the NASA authorization bill.

Mr. DIRKSEN. Mr. President, let me say to my distinguished friend that the NASA authorization bill contains such astronomical amounts that I am fairly stricken into a stage of silence and could not think of asking for a yea-and-nay vote, because I am not sure on what I would be recorded. I understand that bill came from the committee unanimously, after thoroughgoing consideration.

Mr. MANSFIELD. Yes, indeed. The bill was reported unanimously after a thorough going over. I think the committee practically wrote a completely new bill.

Mr. DIRKSEN. Mr. President, my limited comprehension of these astronomical amounts should not be persuasive one way or the other, but under the circumstances, knowing what is involved, I am sure the bill will be generally approved by the Senate.

Mr. MANSFIELD. It looks encouraging, but—

Mr. WILEY. There will not be a record vote, then?

Mr. MANSFIELD. It looks encouraging, but—

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. CLARK. It is my understanding that the Senator from Delaware [Mr. WILLIAMS] intends to propose an amendment to the debt limit extension bill to remove the four-and-a-quarter percent

interest ceiling. If the Senator seriously presses his amendment, it will be necessary to have a yea-and-nay vote.

Mr. MANSFIELD. There will be some discussion of that question.

Mr. CASE of South Dakota rose.

Mr. MANSFIELD. I yield to the Senator from South Dakota.

Mr. CASE of South Dakota. The Senator from South Dakota wonders if it is a reasonable assumption that if there is a yea-and-nay vote on the NASA authorization bill, that vote will not take place until the first thing tomorrow?

Mr. MANSFIELD. I think that is a reasonable assumption. We hope to finish the bill, but if a yea-and-nay vote is asked for it can be postponed until tomorrow.

DEBT LIMIT EXTENSION

The Senate resumed the consideration of the bill (H.R. 7677) to increase for a 1-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act.

ADDRESS BY SECRETARY RIBICOFF AT UNIVERSITY OF CALIFORNIA MEDICAL SCHOOL

Mr. KEFAUVER. Mr. President, Abraham Ribicoff, our Secretary of Health, Education, and Welfare delivered a graduation address in San Francisco before the University of California Medical School on June 5, 1961.

The substance of Secretary Ribicoff's remarks is a ringing challenge not only to the physicians graduating there but also to citizens of all walks of life in our Nation.

It calls upon us to reexamine goals and objectives. I ask unanimous consent that Mr. Ribicoff's speech be printed in the RECORD at this point in my remarks.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BEFORE THE UNIVERSITY OF CALIFORNIA MEDICAL SCHOOL, SAN FRANCISCO, CALIF., MONDAY, JUNE 5, 1961, BY ABRAHAM RIBICOFF, SECRETARY OF HEALTH, EDUCATION, AND WELFARE

Here at the Golden Gate I am happy to speak with you graduates of the University of California Medical School. I ask you men and women who today take the Hippocratic oath to consider with me a simple fact:

The practice of medicine is a public trust. Each of you, in your 2 decades of training thus far, has been heavily endowed by the people of your community, your State, and your country.

Your distinguished teachers here at the University of California are public employees. So were your public school teachers and, for many of you, your undergraduate instructors at a State university. In private colleges generous benefactors paid the differences between tuition and costs, for tuition seldom covers total costs.

Nor will the public interest in you end when your education is completed. Soon you will pass an examination and be granted a license to practice by the people.

Public laws will govern your practice. The hospital in which you work will be licensed by the public and may well have been built or equipped with public funds.

There has been much comment about President Kennedy's inaugural injunction:

"Ask not what your country can do for you—ask what you can do for your country."

"Who me?" people ask, "What can I do? And how? After all—I'm a busy man or woman. It's all I can do to work at my job, raise my family, make a living."

The President answered that he spoke not only of deeds of sacrifice but of the spirit of sacrifice. For the truth is that the corollary of freedom is responsible citizenship; that the United States can be strong only if our free society is strong and our free society can be strong only if those who enjoy its freedom are willing to act for the common good as well as their own personal ends.

The country is the people—the people who have helped you graduates of today to cure in sickness, restore in disability, protect in health.

Your success in fulfilling these great expectations will determine your value as a human being. It will also measure your worth as physicians.

Medicine, since its earliest beginnings, has carried high the banner of public Service. Hippocrates wrote, in his Precepts: "Where there is love of man, there is also love of the art."

There can be no purer statement of professional dedication to humanity.

It is interesting that Hippocrates always refers to medicine as the art or my art. The word appears five times in the oath itself. Now we class medicine more as a science than an art.

Art or science, is there not still room in medicine for a full measure of humanitarianism?

For you, as medical graduates, the degree to which medicine and humanity are linked is personal and immediate. How vigorously will you strive to put your carefully built scientific capability to the service of those who need it? How swiftly and equitably will you deliver these services to the society of the 1960's, 1970's, and 1980's? In short, how faithfully will you discharge your public trust?

These are the root questions. The rest is technique and technology—indispensable but derivative.

And these are the questions which the citizens of this land are asking you today.

For as we seek to build—as we acknowledge that we must seek new ways and find new means—all segments of American society are responding. Each is examining its role and its potential; foremost among these is the profession of medicine.

"America is West," said the poet, "and the wind blowing."

Yes, America is West. She is leader of the Western World, defender of a dream in which we all believe, spokesman for liberty and equality.

But how does the wind blow for America? How does it blow for you men and women as you emerge from the swift currents of your medical curriculum and pause for a moment before you plunge into the more advanced stages of professional training? How does it blow for us as we look at the facts of contemporary life that will shape your professional careers?

In a few years, you will come into your own as full-fledged practicing physicians. The new world that is yours to serve will be very different from the world as it is when you began your long preparation 20 years ago.

There will be more people, for one thing—a fact for which medicine can take much credit. Medicine, being a cause, must also live with the effect: greatly increased numbers of people to be served.

And that population will be very different. Its age will have changed. Two age groups—the very young and the very old—are growing more rapidly than the rest of the population. These are precisely the age groups which consume the largest share of medical attention.



An Act

75 STAT. 149.

To assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Housing Act of 1961".

Housing Act
of 1961.

TITLE I—NEW HOUSING PROGRAMS

HOUSING FOR MODERATE INCOME FAMILIES

SEC. 101. (a) Section 221 of the National Housing Act is amended by— 68 Stat. 599.
12 USC 17151.

(1) inserting before the text of such section a section heading as follows:

"HOUSING FOR MODERATE INCOME AND DISPLACED FAMILIES";

(2) striking out subsection (a) and inserting in lieu thereof the following: 73 Stat. 658.

"(a) This section is designed to assist private industry in providing housing for low and moderate income families and families displaced from urban renewal areas or as a result of governmental action.";

(3) inserting in subsection (b) after "any mortgage" the following: "(including advances during construction on mortgages covering property of the character described in paragraphs (3) and (4) of subsection (d) of this section)";

(4) striking out in subsection (d) (2) "(A) not to exceed" and all that follows down through "other prepaid expenses" and inserting in lieu thereof the following: "(A) not to exceed (i) \$11,000 in the case of a property upon which there is located a dwelling designed principally for a single-family residence, (ii) \$18,000 in the case of a property upon which there is located a dwelling designed principally for a two-family residence, (iii) \$27,000 in the case of a property upon which there is located a dwelling designed principally for a three-family residence, or (iv) \$33,000 in the case of a property upon which there is located a dwelling designed principally for a four-family residence: *Provided*, That a mortgage secured by property upon which there is located a dwelling designed principally for a two-, three-, or four-family residence shall not be insured under this section except in the case of a dwelling for occupancy by a family displaced from an urban renewal area or as a result of governmental action: *Provided further*, That the Commissioner may increase the foregoing amounts to not to exceed \$15,000, \$25,000, \$32,000, and \$38,000, respectively, in any geographical area where he finds that cost levels so require; and (B) not to exceed the appraised value of the property (as of the date the mortgage is accepted for insurance): *Provided*, That (i) if the mortgagor is the owner and an occupant of the property at the time of insurance, (1) in the case of a family displaced from an urban renewal area or as a result of Government action, he shall have paid on account of the property at least \$200 in the case of a single-family dwelling, \$400 in the case of a two-family dwelling, \$600 in the case of a three-family dwelling, and \$800 in the case of a four-family dwelling, or (2) in the case of any other family, he shall have paid

73 Stat. 659.

Eligibility
for insurance.
Conditions;
limits.

on account of the property at least 3 per centum of the Commissioner's estimate of its acquisition cost; which amount in either instance may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses; or (ii) in the case of repair and rehabilitation, the amount of the mortgage shall not exceed the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation, except that in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property";

12 USC 17151.

(5) striking out the last proviso in subsection (d) (2);

(6) striking out subsection (d) (3) and inserting in lieu thereof the following:

"(3) if executed by a mortgagor which is a public body or agency (and which certifies that it is not receiving financial assistance from the United States exclusively pursuant to the United States Housing Act of 1937), a cooperative (including an investor-sponsor who meets such requirements as the Commissioner may impose to assure that the consumer interest is protected), or a limited dividend corporation (as defined by the Commissioner), or a private nonprofit corporation or association regulated or supervised under Federal or State laws or by political subdivisions of States, or agencies thereof, or by the Commissioner under a regulatory agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such manner as in the opinion of the Commissioner will effectuate the purposes of this section—

50 Stat. 888.
42 USC 1430.

"(i) not exceed \$12,500,000;

"(ii) not exceed for such part of such property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$2,250 per room (or \$8,500 per family unit if the number of rooms in such property or project is less than four per family unit), except that the Commissioner may in his discretion increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,750 per room, and the dollar amount limitation of \$8,500 per family unit to not to exceed \$9,000 per family unit, as the case may be, to compensate for higher costs incident to the construction of elevator-type structures of sound standards of construction and design, and except that the Commissioner may increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,000 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require; and

"(iii) not exceed (1) in the case of new construction, the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner), or (2) in the case of repair and rehabilitation, the sum of the estimated cost of repair and rehabilitation and the Commis-

sioner's estimate of the value of the property before repair and rehabilitation: *Provided*, That in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project: *Provided further*, That such property or project, when constructed, or repaired and rehabilitated, shall be for use as a rental or cooperative project, and low and moderate income families or families displaced by urban renewal or other governmental action shall be eligible for occupancy in accordance with such regulations and procedures as may be prescribed by the Commissioner and the Commissioner may adopt such requirements as he determines to be desirable regarding consultation with local public officials where such consultation is appropriate by reason of the relationship of such project to projects under other local programs; or";

(7) striking out in subsection (d) (4) "which is not a nonprofit organization" and inserting in lieu thereof "other than a mortgagor referred to in subsection (d) (3)"; 73 Stat. 660.

(8) striking out subsection (d) (4) (ii) and inserting in lieu thereof the following:

"(ii) not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$2,250 per room (or \$8,500 per family unit if the number of rooms in such property or project is less than four per family unit), except that the Commissioner may in his discretion increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,750 per room, and the dollar amount limitation of \$8,500 per family unit to not to exceed \$9,000 per family unit, as the case may be, to compensate for higher costs incident to the construction of elevator type structures of sound standards of construction and design, and except that the Commissioner may increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,000 per room without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require;";

(9) striking out in subsection (d) (4) (iv) all that follows "(iv)" down through "*And provided further*" and inserting in lieu thereof the following: "not exceed 90 per centum of the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation if the proceeds of the mortgage are to be used for the repair and rehabilitation of a property or project: *Provided*, That in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project: *Provided further*";

(10) striking out "and" at the end of subsection (d) (4), striking out in subsection (d) (5) "provide for complete amortization" and all that follows down through "lesser";, striking out the period at the end of subsection (d) (5) and inserting in lieu thereof "; and", and adding after subsection (d) (5) the following:

"(6) provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but as to

12 USC 17151.

12 USC 17151.

mortgages coming within the provisions of subsection (d) (2) not to exceed from the date of the beginning of amortization of the mortgage (i) 40 years in the case of a family displaced from an urban renewal area or as a result of governmental action, (ii) 35 years in the case of any other family if the mortgage is approved for insurance prior to construction, except that the period in such case may be increased to not more than 40 years where the mortgagor is an owner-occupant of the property and is not able, as determined by the Commissioner, to make the required payments under a mortgage having a shorter amortization period, and (iii) 30 years in the case of any other family where the mortgage is not approved for insurance prior to construction: *Provided*, That no mortgage insured under subsection (d) (2) shall have a maturity exceeding three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements."

Interest rate.

(11) inserting before the period at the end of subsection (d) (5) the following: "*Provided*, That a mortgage insured under the provisions of subsection (d) (3) shall bear interest (exclusive of any premium charges for insurance and service charge, if any) at not less than the annual rate of interest determined, from time to time by the Secretary of the Treasury at the request of the Commissioner, by estimating the average market yield to maturity on all outstanding marketable obligations of the United States, and by adjusting such yield to the nearest one-eighth of 1 per centum, and there shall be no differentiation in the rate of interest charged under this proviso as between mortgagors under subsection (d) (3) on the basis of differences in the types or classes of such mortgagors";

Premium charges.

(12) inserting the following at the end of subsection (f): "A property or project covered by a mortgage insured under the provisions of subsection (d) (3) or (d) (4) shall include five or more family units. The Commissioner is authorized to adopt such procedures and requirements as he determines are desirable to assure that the dwelling accommodations provided under this section are available to families displaced from urban renewal areas or as a result of governmental action. Notwithstanding any provision of this Act, the Commissioner, in order to assist further the provision of housing for low and moderate income families, in his discretion and under such conditions as he may prescribe, may insure a mortgage which meets the requirements of subsection (d) (3) of this section as in effect after the date of enactment of the Housing Act of 1961, with no premium charge, with a reduced premium charge, or with a premium charge for such period or periods during the time the insurance is in effect as the Commissioner may determine, and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to reimburse the Section 221 Housing Insurance Fund for any net losses in connection with such insurance. No mortgage shall be insured under subsection (d) (2) or (d) (4) after July 1, 1963, or under subsection (d) (3) after July 1, 1965, except pursuant to a commitment to insure before that date, or except a mortgage covering property which the Commissioner finds will assist in the provision of housing for families displaced from urban renewal areas or as a result of governmental action.";

12 USC 17151.

(13) redesignating paragraph (3) of subsection (g) as paragraph (4) and inserting after paragraph (2) of subsection (g) a new paragraph as follows:

"(3) as to mortgages meeting the requirements of this section which are insured or initially endorsed for insurance on or after the date of enactment of the Housing Act of 1961, notwithstanding the provisions of paragraphs (1) and (2) of this subsection, the Commissioner in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such paragraphs in cash or in debentures (as provided in the mortgage insurance contract), or may acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner and made previously by the mortgagee under the provisions of the mortgage, and after the acquisition of any such mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan. The appropriate provisions of sections 204 and 207 relating to the issuance of debentures shall apply with respect to debentures issued under this paragraph, and the appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this paragraph, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages so acquired (A) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 221 Housing Insurance Fund, (B) all references in section 204 to section 203 shall be construed to refer to this section, and (C) all references in section 207 to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Section 221 Housing Insurance Fund; or";

Debentures.

12 USC 1710,
1713.

12 USC 17151.

(14) striking out in paragraph (4) of subsection (g) (as redesignated by the preceding paragraph) the phrase "this paragraph (3)", each place it appears, and inserting in lieu thereof "this paragraph"; and

(15) inserting in the last sentence of subsection (h) after "cash adjustments," the following: "cash payments,".

(b) Section 101(c) of the Housing Act of 1949 is amended by— 68 Stat. 623.

(1) striking out "under section 220 or 221" and inserting in lieu thereof "under section 220 or section 221(d)(3)"; 42 USC 1451.

(2) striking out "of section 220(d), or under section 221 of the National Housing Act, as amended, if the mortgaged property is in an area described in clause (3) of section 221(a) of said Act, or in a community referred to in clause (2)(B) of said section" and inserting in lieu thereof "of section 220(d) of the National Housing Act"; and

(3) striking out clause (iii) and renumbering clause (iv) as clause (iii).

(c) Section 305 of the National Housing Act is amended by adding at the end thereof a new subsection as follows: 68 Stat. 616.
12 USC 1720.

"(h) Notwithstanding clause (2) of section 302(b) and any provision of this Act which is inconsistent with this subsection, the Association is authorized (subject to Presidential action as provided in subsection (a), as limited by subsection (c)) to purchase pursuant to commitments or otherwise, and to service, sell, or otherwise deal in, mortgages insured under the provisions of section 221(d)(3) of this Act." 12 USC 1717.
Ante, p. 150.

68 Stat. 605.
12 USC 1715n.

(d) Section 223 of the National Housing Act is amended by redesignating subsection (b) as subsection (c), and by inserting after subsection (a) the following new subsection:

Ante, p. 150.

"(b) Notwithstanding any of the provisions of this title and without regard to limitations upon eligibility contained in section 221, the Commissioner may in his discretion insure under section 221(d)(3) any mortgage executed by a mortgagor of the character described therein where such mortgage is given to refinance a mortgage covering an existing property or project (other than a one- to four-family structure) located in an urban renewal area, if the Commissioner finds that such insurance will facilitate the occupancy of dwelling units in the property or project by families of low or moderate income or families displaced from an urban renewal area or displaced as a result of governmental action."

HOME IMPROVEMENT AND REHABILITATION LOANS

68 Stat. 596.
12 USC 1715k.

SEC. 102. (a) Section 220 of the National Housing Act is amended by—

(1) striking out the provisos in subsections (d)(3)(A)(i) and (d)(3)(B)(ii) and inserting in lieu thereof in each subsection the following: "*Provided*, That in the case of properties other than new construction, the foregoing limitations upon the amount of the mortgage shall be based upon the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation rather than upon the Commissioner's estimate of the replacement cost: *Provided further*, That in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project";

(2) striking out "mortgage insurance" in subsection (a) and inserting in lieu thereof "loan and mortgage insurance"; and

(3) adding at the end thereof the following subsection:

"(h) (1) To assist further in the conservation, improvement, repair, and rehabilitation of property located in the area of an urban renewal project, as provided in paragraph (1) of subsection (d) of this section, the Commissioner is authorized upon such terms and conditions as he may prescribe to make commitments to insure and to insure home improvement loans (including advances during construction or improvement) made by financial institutions on and after the date of enactment of the Housing Act of 1961. As used in this subsection, 'home improvement loan' means a loan, advance of credit, or purchase of an obligation representing a loan or advance of credit made for the purpose of financing the improvement of an existing structure (or in connection with an existing structure) which was constructed not less than ten years prior to the making of such loan, advance, or purchase, and which is used or will be used primarily for residential purposes: *Provided*, That a home improvement loan shall include a loan, advance, or purchase with respect to the improvement of a structure which was constructed less than ten years prior to the making of such loan, advance, or purchase if the proceeds are or will be used primarily for major structural improvements, or to correct defects which were not known at the time of the completion of the structure or which were caused by fire, flood, windstorm, or other casualty; 'improvement' means conservation, repair, restoration, rehabilitation, conversion, alteration, enlargement, or remodeling; and 'financial institution' means a lender approved by the Commissioner as eligible for insurance under section 2 or a mortgagee approved under section 203(b)(1).

"(2) To be eligible for insurance under this subsection, a home improvement loan shall—

"(i) not exceed the Commissioner's estimate of the cost of improvement, or \$10,000 per family unit, whichever is the lesser;

"(ii) be limited to an amount which when added to any outstanding indebtedness related to the property (as determined by the Commissioner) creates a total outstanding indebtedness which does not exceed the limits provided in subsection (d)(3) for properties (of the same type) other than new construction;

"(iii) bear interest at not to exceed a rate prescribed by the Commissioner, but not in excess of 6 per centum per annum of the amount of the principal obligation outstanding at any time, and such other charges (including such service charges, appraisal, inspection, and other fees) as may be approved by the Commissioner;

"(iv) have a maturity satisfactory to the Commissioner, but not to exceed twenty years from the beginning of amortization of the loan or three-quarters of the remaining economic life of the structure, whichever is the lesser;

"(v) comply with such other terms, conditions, and restrictions as the Commissioner may prescribe; and

"(vi) represent the obligation of a borrower who is the owner of the property improved, or a lessee of the property under a lease for not less than 99 years which is renewable or under a lease having a period of not less than 50 years to run from the date of the loan.

"(3) Any home improvement loan insured under this subsection may be refinanced and extended in accordance with such terms and conditions as the Commissioner may prescribe, but in no event for an additional amount or term in excess of the maximum provided for in this subsection.

"(4) There is hereby created a separate Section 220 Home Improvement Account to be maintained under the Section 220 Housing Insurance Fund and to be used by the Commissioner as a revolving fund for carrying out the provisions of this subsection. The Commissioner is authorized to transfer to such Account the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. Any premium charges, and appraisal and other fees received on account of the insurance of any home improvement loan accepted for insurance under this subsection, and the receipts derived from the sale, collection, deposit, or compromise of any evidence of debt, contract, claim, property, or security assigned to or held by the Commissioner in connection with the payment of insurance under this subsection, shall be credited to the Section 220 Home Improvement Account. Insurance claims under this subsection and expenses incurred in the handling, management, renovation, and disposal of any properties acquired by the Commissioner under this subsection shall be charged to the Section 220 Home Improvement Account. General expenses of operation of the Federal Housing Administration and other expenses incurred under this subsection may be charged to the Section 220 Home Improvement Account. Moneys in the Account not needed for the current operation of the Federal Housing Administration under this subsection shall be deposited with the Treasurer of the United States to the credit of the Account, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. In order to protect the solvency of the Section 220 Home Improvement Account, adequate security shall be taken in connection with loans insured under this subsection in such manner as the Commissioner may require.

12 USC 1715k.

12 USC 1737.

Premium charge.

"(5) The Commissioner is authorized to fix a premium charge for the insurance of home improvement loans under this subsection but in the case of any such loan such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the loan outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the financial institution either in cash or in debentures (at par plus accrued interest) issued by the Commissioner as obligations of the Section 220 Home Improvement Account, in such manner as may be prescribed by the Commissioner, and the Commissioner may require the payment of one or more such premium charges at the time the loan is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the loan. If the Commissioner finds upon presentation of a loan for insurance and the tender of the initial premium charge or charges so required that the loan complies with the provisions of this subsection, such loan may be accepted for insurance by endorsement or otherwise as the Commissioner may prescribe. In the event the principal obligation of any loan accepted for insurance under this subsection is paid in full prior to the maturity date, the Commissioner is authorized to refund to the financial institution for the account of the borrower all, or such portions as he shall determine to be equitable, of the current unearned premium charges theretofore paid.

12 USC 1715k.

Defaults.

"(6) In cases of defaults on loans insured under this subsection, upon receiving notice of default, the Commissioner, in accordance with such regulations as he may prescribe, may acquire the loan and any security therefor upon payment to the financial institution in cash or in debentures (as provided in the loan insurance contract) of a total amount equal to the unpaid principal balance of the loan, plus any accrued interest, any advances approved by the Commissioner made previously by the financial institution under the provisions of the loan instruments, and reimbursement for such collection costs, court costs, and attorney fees as may be approved by the Commissioner.

Debentures.

"(7) Debentures issued under this subsection shall be executed in the name of the Section 220 Home Improvement Account as obligor, shall be signed by the Commissioner, by either his written or engraved signature, shall be negotiable, and shall be dated as of the date the loan is assigned to the Commissioner and shall bear interest from that date. They shall bear interest at a rate established by the Commissioner pursuant to section 224, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature ten years after their date of issuance. They shall be exempt from taxation as provided in section 207(i) with respect to debentures issued under that section. They shall be paid out of the Section 220 Home Improvement Account which shall be primarily liable therefor and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and the guaranty shall be expressed on the face of the debentures. In the event the Section 220 Home Improvement Account fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures. Debentures issued under this subsection shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and

68 Stat. 606.

12 USC 1715o.

12 USC 1713.

shall include such provisions for redemption, if any, as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury, and they may be in coupon or registered form. Any difference between the amount of the debentures to which the financial institution is entitled, and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Commissioner to the financial institution from the Section 220 Home Improvement Account.

"(8) The provisions of subsections (c), (d), and (h) of section 2 shall apply to home improvement loans insured under this subsection, and for the purposes of this subsection references in subsections (c), (d), and (h) of section 2 to 'this section' or 'this title' shall be construed to refer to this subsection. 12 USC 1703.

"(9) (A) Notwithstanding any other provisions of this Act, no home improvement loan executed in connection with the improvement of a structure for use as rental accommodations for five or more families shall be insured under this subsection unless the borrower has agreed (i) to certify, upon completion of the improvement and prior to final endorsement of the loan, either that the actual cost of improvement equaled or exceeded the proceeds of the home improvement loan, or the amount by which the proceeds of the loan exceed the actual cost, as the case may be, and (ii) to pay forthwith to the financial institution, for application to the reduction of the principal of the loan, the amount, if any, certified to be in excess of the actual cost of improvement. Upon the Commissioner's approval of the borrower's certification as required under this paragraph, the certification shall be final and incontestable, except for fraud or material misrepresentation on the part of the borrower. Exception.

"(B) As used in subparagraph (A), the term 'actual cost' means the cost to the borrower of the improvement, including the amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organization and legal expenses, such allocations of general overhead items as are acceptable to the Commissioner, and other items of expense approved by the Commissioner, plus a reasonable allowance for builder's profit if the borrower is also the builder, as defined by the Commissioner, and excluding the amount of any kickbacks, rebates, or trade discounts received in connection with the improvement. "Actual cost".

"(10) Notwithstanding any other provision of this Act, the Commissioner is authorized and empowered (i) to make expenditures and advances out of funds made available by this Act to preserve and protect his interest in any security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to, insured by, or acquired by the Commissioner or by the United States under this subsection, or section 2 or 203(k); and (ii) to bid for and to purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any loan or other indebtedness owing to or acquired by the Commissioner or by the United States under this subsection or section 2 or 203(k). The authority conferred by this paragraph may be exercised as provided in the last sentence of section 204(g)." Authority.

12 USC 1710.

12 USC 1709.

(b) Section 203 of the National Housing Act is amended by—

(1) striking out in subsection (e) "of the mortgage" and inserting in lieu thereof "of the loan or mortgage";

(2) striking out in subsection (e) "approved mortgagee" each place it appears and inserting in lieu thereof "approved financial institution or approved mortgagee"; and

(3) adding at the end thereof the following subsection:

"(k) To supplement the mortgage insurance provisions of this section in order to assist the conservation, improvement, and alteration

Ante, p. 154.

of housing, the Commissioner is authorized to make commitments to insure and to insure a home improvement loan (including advances during construction or improvement) under this subsection in accordance with the provisions of section 220(h), except that (1) the structures improved shall be designed for occupancy by not more than four families and shall not be required to be located in the area of an urban renewal project, (2) the Commissioner shall find that the project with respect to which the loan is executed is economically sound, (3) all funds received and all disbursements made shall be credited or charged, as appropriate, to a separate Section 203 Home Improvement Account to be maintained as hereinafter provided under the Mutual Mortgage Insurance Fund, and (4) insurance benefits shall be paid in debentures executed in the name of the Section 203 Home Improvement Account. For the purposes of this subsection, the Commissioner shall have all the authority provided in section 220(h). Debentures issued with respect to loans insured under this subsection shall be issued in accordance with sections 220(h)(6) and 220(h)(7), except that as applied to those loans references in section 220(h) to 'this subsection' shall be construed to refer to this section 203(k), references to the Section 220 Home Improvement Account shall be construed to refer to the Section 203 Home Improvement Account, and references to the Section 220 Housing Insurance Fund shall be construed to refer to the Mutual Mortgage Insurance Fund. All of the provisions in section 220(h)(4) relative to the Section 220 Home Improvement Account shall be equally applicable to the Section 203 Home Improvement Account. There is hereby created a separate Section 203 Home Improvement Account under the Mutual Mortgage Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this subsection, and the Commissioner is authorized to transfer to such Account the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. The provisions of section 205(c) shall not be applicable to loans insured under this subsection."

(c) Section 302(b) of the National Housing Act is amended by adding at the end thereof the following new sentence: "For the purposes of this title, the term 'mortgages' shall be inclusive of any mortgages or other loans insured under any of the provisions of the National Housing Act."

EXPERIMENTAL HOUSING MORTGAGE INSURANCE

SEC. 103. Title II of the National Housing Act is amended by adding at the end thereof the following section:

"EXPERIMENTAL HOUSING

"SEC. 233. (a) In order to assist in lowering housing costs and improving housing standards, quality, livability, or durability or neighborhood design through the utilization of advanced housing technology, or experimental property standards, the Commissioner is authorized to insure and to make commitments to insure, under this section, mortgages (including, in the case of mortgages insured under subsection (b)(2) of this section, advances on such mortgages during construction) secured by properties including dwellings involving the utilization and testing of advanced technology in housing design, materials, or construction, or experimental property standards for neighborhood design if the Commissioner determines that (1) the property is an acceptable risk, giving consideration to the need for testing advanced housing technology or experimental property stand-

12 USC 1737,
1711.

68 Stat. 613.
12 USC 1717.

12 USC 1707-
1715w.

ards, (2) the utilization and testing of the advanced technology or experimental property standards involved will provide data or experience which the Commissioner deems to be significant in reducing housing costs or improving housing standards, quality, livability, or durability, or improving neighborhood design, and (3) the mortgages are eligible for insurance under the provisions of this section and under any further terms and conditions which may be prescribed by the Commissioner to establish the acceptability of the mortgages for insurance.

"(b) To be eligible for insurance under this section a mortgage shall— Eligibility.

"(1) meet the requirements of section 203(b), except that the maximum principal obligation of the mortgage as computed under clauses (i), (ii), and (iii) of section 203(b) (2) shall be determined on the basis of the Commissioner's estimate of the cost of replacing the property using comparable conventional design, materials, and construction rather than value, and the proviso in section 203(b) (8) shall not be applicable to mortgages insured under this section; or 12 USC 1709.

"(2) meet the requirements of section 207(b) and section 207(c), except that the maximum principal obligation of the mortgage as computed under section 207(c) (2) shall be determined on the basis of the Commissioner's estimate of the cost of replacing the property using comparable conventional design, materials, and construction rather than value. 12 USC 1713.

"(c) The Commissioner may enter into such contracts, agreements, and financial undertakings with the mortgagor and others as he deems necessary or desirable to carry out the purposes of this section, and may expend available funds for such purposes, including the correction (when he determines it necessary to protect the occupants), at any time subsequent to insurance of a mortgage, of defects or failures in the dwellings which the Commissioner finds are caused by or related to the advanced housing technology utilized in their design or construction or experimental property standards.

"(d) The Commissioner may make such investigations and analyses of data, and publish and distribute such reports, as he determines to be necessary or desirable to assure the most beneficial use of the data and information to be acquired as a result of this section.

"(e) Any mortgagee under a mortgage insured under subsection (b) (1) of this section shall be entitled to the benefits of the insurance as provided in section 204(a) with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall apply to the mortgages insured under subsection (b) (1), except that as applied to those mortgages (1) all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Experimental Housing Insurance Fund, and (2) all references therein to section 203 shall be construed to refer to this section. 12 USC 1710.

"(f) Any mortgagee under a mortgage insured under subsection (b) (2) of this section shall be entitled to the benefits of the insurance as provided in section 207(g) with respect to mortgages insured under section 207, and the provisions of subsections (d), (e), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 shall apply to the mortgages insured under subsection (b) (2) of this section, except that as applied to those mortgages (1) all references therein to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Experimental Housing Insurance Fund, and (2) all references therein to 'this section' shall be construed to refer to this section 233.

Default.

“(g) Notwithstanding the provisions of subsections (e) and (f) of this section, in the case of default on any mortgage insured under this section, the Commissioner in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such subsections in cash or in debentures (as provided in the mortgage insurance contract), or may acquire the mortgage loan and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner made previously by the mortgagee under the provisions of the mortgage. After the acquisition of the mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the mortgage. The appropriate provisions of sections 204 and 207 relating to the issuance of debentures shall apply with respect to debentures issued under this subsection, and the appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this subsection, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages insured under this section (1) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Experimental Housing Insurance Fund, (2) all references in section 204 to section 203 shall be construed to refer to this section, and (3) all references in section 207 to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Experimental Housing Insurance Fund.

12 USC 1710,
1713.

“(h) There is hereby created an Experimental Housing Insurance Fund to be used by the Commissioner as a revolving fund to carry out the provisions of this section, and the Commissioner is directed to transfer the sum of \$1,000,000 to the Fund from the War Housing Insurance Fund created by section 602 of this Act. General expenses of operation of the Federal Housing Administration and other expenses incurred under this section may be charged to the Experimental Housing Insurance Fund.”

12 USC 1737.

INDIVIDUALLY OWNED UNITS IN MULTIFAMILY STRUCTURES

SEC. 104. Title II of the National Housing Act is amended by adding after section 233 (as added by section 103 of this Act) the following section:

12 USC 1707-
1715w.

“MORTGAGE INSURANCE FOR INDIVIDUALLY OWNED UNITS IN MULTIFAMILY STRUCTURES

“SEC. 234. (a) The purpose of this section is to provide an additional means of increasing the supply of privately owned dwelling units where, under the laws of the State in which the property is located, real property title and ownership are established with respect to a one-family unit which is part of a multifamily structure.

Definitions.

12 USC 1707.

“(b) The terms ‘mortgage’, ‘mortgagee’, ‘mortgagor’, ‘maturity date’, and ‘State’ shall have the meanings respectively set forth in section 201, except that the term ‘mortgage’ for the purposes of this section may include a first mortgage given to secure the unpaid purchase price of a fee interest in, or a long-term leasehold interest in, a one-family unit in a multifamily structure and an undivided interest in the

common areas and facilities which serve the structure where the mortgage is determined by the Commissioner to be eligible for insurance under this section. The term 'common areas and facilities' as used in this section shall be deemed to include the land and such commercial, community, and other facilities as are approved by the Commissioner.

"(c) The Commissioner is authorized, in his discretion and under such terms and conditions as he may prescribe (including the minimum number of family units in the structure which shall be offered for sale and provisions for the protection of the consumer and the public interest), to insure any mortgage covering a one-family unit in a multifamily structure and an undivided interest in the common areas and facilities which serve the structure, if (1) the mortgage meets the requirements of this section and of section 203(b), except as that section is modified by this section, (2) the structure is or has been covered by a mortgage insured under another section (except section 213) of this Act, notwithstanding any requirements in any such section that the structure be constructed or rehabilitated for the purpose of providing rental housing, and (3) the mortgagor is acquiring, or has acquired, a family unit covered by a mortgage insured under this section for his own use and occupancy and will not own more than four one-family units covered by mortgages insured under this section. Any project proposed to be constructed or rehabilitated after the date of enactment of the Housing Act of 1961 with the assistance of mortgage insurance under this Act, where the sale of family units is to be assisted with mortgage insurance under this section, shall be subject to such requirements as the Commissioner may prescribe. To be eligible for insurance pursuant to this section a mortgage shall (A) involve a principal obligation in an amount not to exceed the limits per room and per family dwelling unit provided by section 207(c)(3), and not to exceed the sum of (i) 97 per centum of \$13,500 of the amount which the Commissioner estimates will be the appraised value of the family unit including common areas and facilities as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of \$13,500 but not in excess of \$18,000, and (iii) 70 per centum of such value in excess of \$18,000, and (B) have a maturity satisfactory to the Commissioner but not to exceed, in any event, thirty years from the date of the beginning of amortization of the mortgage or three-fourths of the Commissioner's estimate of the remaining economic life of the structure, whichever is the lesser. In determining the amount of a mortgage in the case of a nonoccupant mortgagor the reference to paragraph (2) of section 203(b) in section 203(b)(8) shall be construed to refer to the preceding sentence in this section. The mortgage shall contain such provisions as the Commissioner determines to be necessary for the maintenance of common areas and facilities and the multifamily structure. The mortgagor shall have exclusive right to the use of the one-family unit covered by the mortgage and, together with the owners of other units in the multifamily structure, shall have the right to the use of the common areas and facilities serving the structure and the obligation of maintaining all such common areas and facilities. The Commissioner may require that the rights and obligations of the mortgagor and the owners of other dwelling units in the structure shall be subject to such controls as he determines to be necessary and feasible to promote and protect individual owners, the multifamily structure, and its occupants. For the purposes of this section, the Commissioner is authorized in his discretion and under such terms and conditions as he may prescribe to permit one-family units and interests in common areas and facilities in multifamily structures covered

Authority.

12 USC 1709.

64 Stat. 54.

12 USC 1715e.

12 USC 1713.

Mortgagor,
rights.

- 12 USC 1715e. by mortgages insured under any section of this Act (other than section 213) to be released from the liens of those mortgages.
- 12 USC 1710. “(d) Any mortgagee under a mortgage insured under this section is entitled to receive the benefits of the insurance as provided in section 204(a) of this Act with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall be applicable to the mortgages insured under this section, except that (1) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Apartment Unit Insurance Fund, (2) all references therein to section 203 shall be construed to refer to this section, and (3) the excess remaining, referred to in section 204(f)(1), shall be retained by the Commissioner and credited to the Apartment Unit Insurance Fund.
- 12 USC 1709. “(e) There is hereby created the Apartment Unit Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section. The Commissioner is authorized to transfer to the Fund the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Apartment Unit Insurance Fund. The provisions of the second and third paragraphs of section 220(g) shall be applicable to the Apartment Unit Insurance Fund and to this section, all references therein to the Section 220 Housing Insurance Fund or the Fund shall be construed to refer to the Apartment Unit Insurance Fund, and all references therein to ‘this section’ shall be construed to refer to this section 234.
- Apartment Unit Insurance Fund. Creation.
- 12 USC 1737. “(f) The provisions of sections 225, 229, and 230 shall be applicable to the mortgages insured under this section.”
- 12 USC 1715k.
- 68 Stat. 607;
73 Stat. 662.
12 USC 1715p,
1715t, 1715u.

TITLE II—HOUSING FOR ELDERLY PERSONS AND LOW INCOME FAMILIES

HOUSING FOR THE ELDERLY

DIRECT LOANS

- 73 Stat. 667.
12 USC 1701q. SEC. 201. (a) Section 202 of the Housing Act of 1959 is amended by—

- (1) inserting in subsection (a)(1) after the words “private nonprofit corporations” the following: “, consumer cooperatives, or public bodies or agencies”;
- (2) striking out subsection (a)(2) and inserting in lieu thereof the following:

“(2) In order to carry out the purpose of this section, the Administrator may make loans to any corporation (as defined in subsection (d)(2)), to any consumer cooperative, or to any public body or agency for the provision of rental or cooperative housing and related facilities for elderly families and elderly persons, except that (A) no such loan shall be made unless the applicant shows that it is unable to secure the necessary funds from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this section, (B) no such loan shall be made unless the Administrator finds that the construction will be undertaken in an economical manner and that it will not be of elaborate or extravagant design or materials, and (C) no such loan shall be made to a public body or agency unless it certifies that it is not receiving financial assistance from the United States exclusively pursuant to the United States Housing Act of 1937.”;

(3) striking out in subsection (a) (3) "A loan to a corporation under this section" and inserting in lieu thereof "A loan under this section"; and

(4) striking out in subsection (c) (3) "corporation undertaking" and inserting in lieu thereof "corporation, cooperative, or public body or agency undertaking".

(b) Section 202(a) (3) of such Act is amended by striking out "98 per centum of".

(c) Section 202(a) (4) of such Act is amended by striking out "\$50,000,000" and inserting in lieu thereof "\$125,000,000", and by striking out the second sentence.

(d) Section 202 of such Act is further amended by adding at the end thereof the following new subsection:

"(e) Nothing in this section or in regulations promulgated under this section shall prevent a corporation or consumer cooperative from obtaining a loan under this section for the provision of housing and related facilities for elderly families and elderly persons, notwithstanding the fact that such corporation or cooperative has theretofore obtained a commitment from the Federal Housing Administration for mortgage insurance under section 231 of the National Housing Act with respect to the housing involved, if (1) such corporation or cooperative is otherwise eligible for such loan under this section, (2) such commitment was obtained prior to the date of enactment of the Housing Act of 1961, and (3) the Administrator determines that the financing of such housing through a loan under this section rather than through mortgage insurance under such section 231 is necessary or desirable in order to avoid hardship for the elderly families and elderly persons who are the prospective tenants of such housing." Exception. 12 USC 1715v.

LOW-RENT PUBLIC HOUSING

ELIGIBILITY REQUIREMENT FOR DISABLED PERSONS

SEC. 202. Section 2 of the United States Housing Act of 1937 is amended by striking out the words "has attained the age of fifty and" in the second and third sentences of paragraph (2), and by striking out paragraph (14) and renumbering paragraph (15) as paragraph (14). 73 Stat. 681. 42 USC 1401.

ADDITIONAL SUBSIDY FOR ELDERLY TENANTS

SEC. 203. Section 10(a) of the United States Housing Act of 1937 is amended by inserting the following proviso before the period at the end of the third sentence thereof: "Provided, That the Authority may, in addition to the payments guaranteed under the contract, pay not to exceed \$120 per annum per dwelling unit occupied by an elderly family on the last day of the project fiscal year where such amount, in the determination of the Authority, was necessary to enable the public housing agency to lease the dwelling unit to the elderly family at a rental it could afford and to operate the project on a solvent basis". 42 USC 1410.

DWELLING UNIT AUTHORIZATION

SEC. 204. (a) Section 10(e) of the United States Housing Act of 1937 is amended by striking out the first three sentences and inserting in lieu thereof the following: "The Authority is authorized to enter into contracts for annual contributions aggregating not more than \$336,000,000 per annum, but any such contracts for additional units for any one State shall not, after the date of enactment of the Housing Act of 1961, be entered into for more than 15 per centum of the aggregate amount not already guaranteed under contracts for annual con- 63 Stat. 427.

tributions on such date: *Provided*, That no such new contract for additional units shall be entered into after the date of enactment of the Housing Act of 1961 except with respect to low-rent housing for a locality respecting which the Administrator has made the determination and certification relating to a workable program as prescribed in section 101(c) of the Housing Act of 1949, and the Authority shall enter into only such new contracts for preliminary loans as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into."

(b) Section 10(i) of such Act is repealed; and section 15(10) of such Act is redesignated as section 10(i) and transferred (as so redesignated) to the place heretofore occupied by the section so repealed.

(c) Section 21(d) of such Act is repealed.

GREATER LOCAL RESPONSIBILITY FOR ADMISSION POLICIES

SEC. 205. (a) Section 10(g) of the United States Housing Act of 1937 is amended to read as follows:

"(g) Every contract for annual contributions for any low-rent housing project shall provide that—

"(1) the maximum income limits fixed by the public housing agency shall be subject to the prior approval of the Authority and the Authority may require the agency to review and revise such limits if the Authority determines that changed conditions in the locality make such revisions necessary in achieving the purposes of the Act;

"(2) the public housing agency shall adopt and promulgate regulations establishing admission policies which shall give full consideration to its responsibility for the rehousing of those displaced by urban renewal or other governmental action, to the applicant's status as a serviceman or veteran or relationship to a serviceman or veteran or to a disabled serviceman or veteran, and to the applicant's age or disability, housing conditions, urgency of housing need, and source of income; and

"(3) the public housing agency shall determine, and so certify to the Authority, that each family in the project was admitted in accordance with duly adopted regulations and approved income limits; and the public housing agency shall make periodic reexaminations of the incomes of families living in the project and shall require any family whose income has increased beyond the approved maximum income limits for continued occupancy to move from the project unless the public housing agency determines that, due to special circumstances, the family is unable to find decent, safe and sanitary housing within its financial reach although making every reasonable effort to do so, in which event such family may be permitted to remain for the duration of such a situation if it pays an increased rent consistent with such family's increased income."

(b) Sections 10(m) and 15(8) of such Act are repealed.

MISCELLANEOUS PUBLIC HOUSING AMENDMENTS

SEC. 206. (a) Section 15 of the United States Housing Act of 1937 is amended by—

(1) inserting in paragraph (5) after the second parenthetical clause the following: "on which the computation of any annual contributions under this Act may be based";

(2) striking out in paragraph (5) "\$2,500 per room in the case of Alaska or in the case of accommodations designed specifically for elderly families)", and inserting in lieu thereof

68 Stat. 623.
42 USC 1451.

42 USC 1410.
73 Stat. 681.
42 USC 1415,
1421.

63 Stat. 423.
42 USC 1410.

Repeals.
42 USC 1410,
1415.

"(\$3,000 per room in the case of Alaska, or in the case of accommodations designed specifically for elderly families \$3,000 per room and \$3,500 per room in the case of Alaska)";

(3) striking out paragraph (6), redesignating paragraph (9) as paragraph (6), and transferring paragraph (9), as so redesignated, to the place heretofore occupied by the paragraph so stricken out; and

(4) striking out "or 5 per centum in the case of any family entitled to a first preference as provided in section 10(g)" in paragraph (7)(b) and inserting in lieu thereof "except in the case of a family displaced by urban renewal or other governmental action or an elderly family".

(b) Section 10(h) of such Act is amended by inserting the following after the word "project" the third time it appears therein: "exclusive of any portion thereof which is not assisted by annual contributions under this Act)". 68 Stat. 631.
42 USC 1410.

(c) Section 10(j) of such Act is repealed.

Repeal.

DEMONSTRATION PROGRAMS

SEC. 207. The Housing and Home Finance Administrator is authorized to enter into contracts to make grants, not exceeding \$5,000,000, to public or private bodies or agencies, subject to such terms and conditions as he shall prescribe, for the purposes of developing and demonstrating new or improved means of providing housing for low income persons and families. Advances and progress payments may be made, under any contract to make grants under this section, without regard to the provisions of section 3648 of the Revised Statutes.

31 USC 529.

TITLE III—URBAN RENEWAL AND PLANNING

INCREASED FEDERAL AID FOR SMALL COMMUNITIES; POOLING GRANTS-IN-AID BETWEEN PROJECTS

SEC. 301. (a) Section 103(a) of the Housing Act of 1949 is amended by inserting "(1)" after "(a)", by striking out the last two sentences, and by inserting at the end thereof the following: 71 Stat. 299.
42 USC 1453.

"(2) The aggregate of such capital grants with respect to all of the projects of a local public agency (or of two or more local public agencies in the same municipality) on which contracts for capital grants have been made under this title shall not exceed the total of—

"(A) two-thirds of the aggregate net project costs of all such projects to which neither subparagraph (B) nor subparagraph (C) applies, and

"(B) three-fourths of the aggregate net project costs of any of such projects which are located in a municipality having a population of fifty thousand or less (one hundred fifty thousand or less in the case of a municipality situated in an area which, at the time the contract or contracts involved are entered into or at such earlier time as the Administrator may specify in order to avoid hardship, is designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act) according to the most recent decennial census, and

Ante, p. 48.

"(C) three-fourths of the aggregate net project costs of any of such projects (not falling within subparagraph (B)) which the Administrator, upon request, may approve on a three-fourths capital grant basis.

"(3) A capital grant with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project."

70 Stat. 1101.
42 USC 1454.

(b) Section 104 of such Act is amended by striking out the second sentence and inserting in lieu thereof the following: "Such local grants-in-aid, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency (or two or more local public agencies in the same municipality) on which contracts for capital grants have theretofore been made, shall be at least equal to the total of one-third of the aggregate net project costs of such projects undertaken on a two-thirds capital grant basis and one-fourth of the aggregate net project costs of such projects undertaken on a three-fourths capital grant basis."

42 USC 1460.

(c) The third and fourth sentences of section 110(e) of such Act are each amended by striking out "pursuant to the proviso in the second sentence of section 103(a)" and inserting in lieu thereof "pursuant to section 103(a) (2) (C)".

INCONTESTABLE FEDERAL OBLIGATION IN PRIVATE FINANCING OF PROJECTS

42 USC 1452.

SEC. 302. (a) Section 102(c) of the Housing Act of 1949 is amended by adding at the end thereof the following: "In connection with any such pledge of a loan contract, including loan payments thereunder, as security for the repayment of obligations of the local public agency held by other than the Federal Government, the Administrator is authorized to agree to pay, through operations of a paying agent or agents, and to pay or cause to be paid when due, from funds obtained pursuant to subsection (e) of this section, to the holders of such obligations (or to their agents or designees) the principal of and the interest on such obligations, subject to such conditions as the Administrator may determine but without regard to any other condition or requirement. Notwithstanding any other provision of law, any contract or other instrument executed by the Administrator which, by its terms, includes an obligation of the Administrator to make payment pursuant to this subsection shall be construed by all officers of the United States separate and apart from the loan contract and shall be incontestable in the hands of a bearer and the full faith and credit of the United States is pledged to the payment of all amounts agreed to be paid by the Administrator pursuant to this subsection."

63 Stat. 424.
42 USC 1421a.

(b) Section 22 of the United States Housing Act of 1937 is amended by inserting the following new subsection at the end thereof:

"(c) Obligations of a public housing agency which (1) are secured either (A) by a pledge of a loan under an agreement between such public housing agency and the Authority, or (B) by a pledge of annual contributions under an annual contributions contract between such public housing agency and the Authority, and (2) bear, or are accompanied by, a certificate of the Authority that such obligations are so secured, shall be incontestable in the hands of a bearer, and the full faith and credit of the United States is pledged to the payment of all amounts agreed to be paid by the Authority as security for such obligations."

GRANT AUTHORIZATION

71 Stat. 299.
42 USC 1453.

SEC. 303. Section 103(b) of the Housing Act of 1949 is amended by striking out the first sentence and inserting in lieu thereof the following: "The Administrator may, with the approval of the President, contract to make grants under this title aggregating not to exceed \$4,000,000,000: *Provided*, That of such sum the Administrator may, without regard to other provisions of this title, contract to make grants aggregating not to exceed \$25,000,000 for mass transportation demonstration projects which he determines will assist in carrying out urban transportation plans and research, including but not limited to the development of data and information of general applicability

on the reduction of urban transportation needs, the improvement of mass transportation service, and the contribution of such service toward meeting total urban transportation needs at minimum cost. Such grants shall not be used for major long-term capital improvement; shall not exceed two-thirds of the cost, as determined or estimated by the Administrator, of the project for which the grant is made; and shall be subject to such other terms and conditions as he may prescribe. The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advance or progress payments on account of any grant contracted to be made pursuant to this section."

31 USC 529.

RELOCATION PAYMENTS

SEC. 304. Section 106(f)(2) of the Housing Act of 1949 is amended—

71 Stat. 300.
42 USC 1456.

(1) by striking out "and business concerns" in the first sentence and inserting in lieu thereof the following: "business concerns, and nonprofit organizations";

(2) by striking out "business concern." in the second sentence and inserting in lieu thereof the following: "business concern or nonprofit organization."

(3) by inserting after "\$3,000" the following: "(or, if greater, the total certified actual moving expenses)"; and

(4) by inserting "and actual direct losses of property" before the period at the end of the last sentence.

FINANCIAL ASSISTANCE FOR DISPLACED BUSINESS CONCERNS

SEC. 305. Section 7(b) of the Small Business Act is amended—

72 Stat. 387.
15 USC 636.

(1) by striking out "and" at the end of paragraph (1);

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; and";

(3) by adding after paragraph (2) a new paragraph as follows:

"(3) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to assist any small-business concern in reestablishing its business, if the Administration determines that such concern has suffered substantial economic injury as a result of its displacement by a federally aided urban renewal or highway construction program or by any other construction conducted by or with funds provided by the Federal Government."; and

(4) by adding immediately before the period at the end of the third sentence the following: ", except that in the case of a loan made pursuant to paragraph (3), the rate of interest on the Administration's share of such loan shall not be more than the higher of (A) 2¾ per centum per annum; or (B) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the date of the loan and adjusted to the nearest one-eighth of 1 per centum, plus one-quarter of 1 per centum per annum."

(b) Section 2(b) of such Act is amended by inserting before the period at the end thereof the following: ", and small-business concerns which are displaced as a result of federally aided construction programs".

15 USC 631.

(c) Section 4(c) of such Act is amended—

73 Stat. 647.
15 USC 633.

75 STAT. 168.

- (1) by striking out "\$975,000,000" each place it appears and inserting in lieu thereof "\$1,000,000,000"; and
- (2) by striking out "\$125,000,000" in the sixth sentence and inserting in lieu thereof "\$150,000,000".

RESALE OF PROPERTY IN URBAN RENEWAL AREAS FOR HOUSING FOR
MODERATE INCOME FAMILIES

73 Stat. 674.
42 USC 1457.

SEC. 306. (a) Section 107 of the Housing Act of 1949 is amended by—

- (1) changing the title thereof to read "PROPERTY TO BE USED FOR PUBLIC HOUSING OR HOUSING FOR MODERATE INCOME FAMILIES";
- (2) inserting "(a)" before the first sentence and striking out the words "to be" in such sentence;
- (3) striking out "is incorporated" and inserting in lieu thereof "was incorporated on or after September 23, 1959,"; and
- (4) adding at the end thereof the following new subsection:

"(b) Upon approval of the Administrator and subject to such conditions as he may determine to be in the public interest, any real property held as part of an urban renewal project may be made available to (1) a limited dividend corporation, nonprofit corporation or association, cooperative, or public body or agency, or (2) a purchaser who would be eligible for a mortgage insured under section 221(d)(4) of the National Housing Act, for purchase at fair value for use by such purchaser in the provision of new or rehabilitated rental or cooperative housing for occupancy by families of moderate income."

12 USC 17151.

70 Stat. 1097.
42 USC 1460.

(b) Clause (4) of the second sentence of section 110(c) of the Housing Act of 1949 is amended by inserting before the semicolon at the end thereof the following: "or as provided in section 107".

REHABILITATION

42 USC 1460.

SEC. 307. (a) The second sentence of section 110(c) of the Housing Act of 1949 is amended by—

- (1) striking out "and" at the end of paragraph (5);
- (2) striking out the period at the end of paragraph (6) and inserting in lieu thereof "; and"; and
- (3) adding after paragraph (6) a new paragraph as follows:
"(7) acquisition and repair or rehabilitation for guidance purposes, and resale by the local public agency, of structures which are located in the urban renewal area and which, under the urban renewal plan, are to be repaired or rehabilitated for dwelling use or related facilities: *Provided*, That the local public agency shall not acquire for such purposes, in any urban renewal area, structures which contain or will contain more than (A) one hundred dwelling units, or (B) 5 per centum of the total number of dwelling units in such area which, under the urban renewal plan, are to be repaired or rehabilitated, whichever is the lesser."

(b) The third sentence of section 110(c) of such Act is amended by inserting after "include" the following: "(except as provided in paragraph (7) above)".

(c) Clause (i) of section 110(e) of such Act is amended by striking out "and (6)" and inserting in lieu thereof "(6), and (7)".

INCREASE IN NONRESIDENTIAL EXCEPTION

SEC. 308. The fifth sentence of section 110(c) of the Housing Act of 1949 is amended by striking out "20 per centum" in the second proviso and inserting in lieu thereof "30 per centum".

URBAN RENEWAL AREAS INVOLVING COLLEGES, UNIVERSITIES, OR HOSPITALS

SEC. 309. Section 112 of the Housing Act of 1949 is amended to read as follows:

73 Stat. 677.
42 USC 1463.

“URBAN RENEWAL AREAS INVOLVING COLLEGES, UNIVERSITIES, OR
HOSPITALS

“SEC. 112. (a) In any case where an educational institution or a hospital is located in or near an urban renewal project area and the governing body of the locality determines that, in addition to the elimination of slums and blight from such area, the undertaking of an urban renewal project in such area will further promote the public welfare and the proper development of the community (1) by making land in such area available for disposition, for uses in accordance with the urban renewal plan, to such educational institution or hospital for redevelopment in accordance with the use or uses specified in the urban renewal plan, (2) by providing, through the redevelopment of the area in accordance with the urban renewal plan, a cohesive neighborhood environment compatible with the functions and needs of such educational institution or hospital, or (3) by any combination of the foregoing, the Administrator is authorized to extend financial assistance under this title for an urban renewal project in such area without regard to the requirements in section 110 hereof with respect to the predominantly residential character or predominantly residential reuse of urban renewal areas. The aggregate expenditures made by any such institution or hospital (directly or through a private redevelopment corporation or municipal or other public corporation) for the acquisition within, adjacent to, or in the immediate vicinity of the project area, of land, buildings, and structures to be redeveloped or rehabilitated by such institution for educational uses or by such hospital for hospital uses in accordance with the urban renewal plan (or with a development plan proposed by such institution, hospital, or corporation, found acceptable by the Administrator after considering the standards specified in section 110(b), and approved under State or local law after public hearing) and for the demolition of such buildings and structures if, pursuant to such urban renewal or development plan, the land is to be cleared and redeveloped, and for the relocation of occupants from buildings and structures to be demolished or rehabilitated, as certified by such institution or hospital to the local public agency and approved by the Administrator, shall be a local grant-in-aid in connection with such urban renewal project: *Provided*, That no such expenditure shall be eligible as a local grant-in-aid in any case where the property involved is acquired by such educational institution or hospital from a local public agency which, in connection with its acquisition or disposition of such property, has received, or contracted to receive, a capital grant pursuant to this title.

71 Stat. 301.
42 USC 1460.

“(b) No expenditure made by any educational institution or hospital, as provided in subsection (a), shall be deemed ineligible as a local grant-in-aid (1) in connection with any urban renewal project if made not more than seven years prior to the authorization by the Administrator of a contract for a loan or capital grant for such project, or (2) in connection with any such project for which the Administrator, prior to September 25, 1963, has authorized a loan or capital grant contract if made not more than five years prior to the submission of an application for financial assistance under this title for such urban renewal project.

“(c) The aggregate expenditures made by any public authority, established by any State, for acquisition, demolition, and relocation

in connection with land, buildings, and structures acquired by such public authority and leased to an educational institution for educational uses or to a hospital for hospital uses shall be deemed a local grant-in-aid to the same extent as if such expenditures had been made directly by such educational institution or hospital.

"(d) As used in this section—

"(1) the term 'educational institution' means any educational institution of higher learning, including any public educational institution or any private educational institution, no part of the net earnings of which inures to the benefit of any private shareholder or individual; and

"(2) the term 'hospital' means any hospital licensed by the State in which such hospital is located, including any public hospital or any nonprofit hospital, no part of the net earnings of which inures to the benefit of any private shareholder or individual."

URBAN PLANNING ASSISTANCE

73 Stat. 678.
40 USC 461.

SEC. 310. (a) Section 701 of the Housing Act of 1954 is amended by—

(1) striking out "50 per centum" in the first sentence of subsection (b) and inserting in lieu thereof "two-thirds";

(2) striking out "20,000,000" in the last sentence of subsection (b) and inserting in lieu thereof "\$75,000,000";

(3) inserting after "public facilities" in clause (1) of subsection (d) "including transportation facilities"; and

(4) adding at the end thereof the following new subsection:

"(f) The consent of the Congress is hereby given to any two or more States to enter into agreements or compacts, not in conflict with any law of the United States, for cooperative efforts and mutual assistance in the comprehensive planning for the physical growth and development of interstate, metropolitan, or other urban areas, and to establish such agencies, joint or otherwise, as they may deem desirable for making effective such agreements and compacts."

(b) Section 701 of such Act is further amended by—

(1) striking out the matter preceding paragraph (1) of subsection (a) and inserting in lieu thereof the following:

"SEC. 701. (a) In order to assist State and local governments in solving planning problems resulting from the increasing concentration of population in metropolitan and other urban areas, including smaller communities; to facilitate comprehensive planning for urban development, including coordinated transportation systems, on a continuing basis by such governments; and to encourage such governments to establish and improve planning staffs, the Administrator is authorized to make planning grants to—";

(2) inserting the following after "agencies" in paragraph (2) of subsection (a): "or other agencies and instrumentalities designated by the Governor (or Governors in the case of interstate planning) and acceptable to the Administrator,";

(3) adding the following at the end of subsection (a): "The Administrator shall encourage cooperation in preparing and carrying out plans among all interested municipalities, political subdivisions, public agencies, and other parties in order to achieve coordinated development of entire areas. To the maximum extent feasible, pertinent plans and studies already made for areas shall be utilized so as to avoid unnecessary repetition of effort and expense. Planning which may be assisted under this section includes the preparation of comprehensive urban transportation surveys, studies, and plans to aid in solving problems of traffic congestion, facilitating the circulation of people and

goods in metropolitan and other urban areas and reducing transportation needs. Funds available under this section shall be in addition to and may be used jointly with funds available for planning surveys and investigations under other Federally-aided programs, and nothing contained in this section shall be construed as affecting the authority of the Secretary of Commerce under section 307 of title 23, United States Code.”; and

72 Stat. 913.

(4) striking out the first sentence of subsection (d) and inserting in lieu thereof the following: “It is the further intent of this section to encourage comprehensive planning, including transportation planning, for States, cities, counties, metropolitan areas, and urban regions and the establishment and development of the organizational units needed therefor. The Administrator is authorized to provide technical assistance to State and local governments and their agencies and instrumentalities undertaking such planning and, by contract or otherwise, to make studies and publish information on related problems.”

73 Stat. 678.

40 USC 461.

HISTORICAL SITE IN URBAN RENEWAL AREA

SEC. 311. (a) Notwithstanding section 110(c)(4) of the Housing Act of 1949, as amended, or any other provision of law, the urban renewal project in Knoxville, Tennessee, known as the Riverfront-Willow Street redevelopment project, may include the donation by the Knoxville Housing Authority to the James White's Fort Association, by a suitable instrument of conveyance, of all right, title, and interest of the authority in and to the following described tract of land, constituting a portion of tract T-2 of the said project and containing 0.985 acres more or less:

70 Stat. 1097.

42 USC 1460.

Beginning at an iron pin located at the intersection of the east property line of Collins Alley and the south property line of Rouser Alley; thence in a northerly direction, north 32 degrees 35 minutes west, 111.0 feet to an iron pin located in the east property line of Collins Alley; thence in a westerly direction, south 55 degrees 20 minutes west, 207.0 feet to an iron pin; thence in a southwesterly direction, south 35 degrees 05 minutes west, 80 feet to an iron pin; thence in a southerly direction south 27 degrees 25 minutes east, 193.40 feet to an iron pin located in the north property line of Hill Avenue; thence in an easterly direction, north 67 degrees 43 minutes east, 33.54 feet to an iron pin; thence in an easterly direction, north 60 degrees 02 minutes east, 31.64 feet to an iron pin; thence in an easterly direction, north 58 degrees 30 minutes 30 seconds east, 53 feet to an iron pin located in the north property line of Hill Avenue; thence in a northerly direction, north 30 degrees 22 minutes 30 seconds west, 134.03 feet to an iron pin; thence in an easterly direction, north 59 degrees 21 minutes 30 seconds east, 175.61 feet to the point of beginning.

(b) The conveyance authorized to be included in the Riverfront-Willow Street redevelopment project under subsection (a) of this section shall be made only if the James White's Fort Association represents, and furnishes such assurances as may be required by the Knoxville Housing Authority, that such Association (1) will undertake the reconstruction on the site conveyed of General James White's cabin and fort, and (2) will develop, preserve, and operate such property on a nonprofit basis as a historical site or monument.

CREDIT FOR COST OF SCHOOL CONSTRUCTION

SEC. 312. No public facility, the provision of which is otherwise eligible as a local grant-in-aid for any urban renewal project receiving assistance under title I of the Housing Act of 1949 in the city of

63 Stat. 414.

42 USC 1450-1463.

Roanoke, Virginia, and the construction of which was commenced prior to January 1, 1961, shall be deemed to be ineligible as a local grant-in-aid because of any change in the urban renewal plan for such project which is determined by the Housing and Home Finance Administrator to have resulted from the proposed location within the urban renewal area in which such project was undertaken of a Federally-aided highway. For the purpose of computing the portion of the cost of any such facility which may be allowed as a local grant-in-aid, the degree of benefit of the facility to such urban renewal area shall be based on the latest estimate of benefit submitted by the local public agency and accepted by the Administrator prior to such change in the urban renewal plan.

ELIGIBILITY OF CERTAIN LOCAL GRANTS-IN-AID

68 Stat. 629.
42 USC 1450
note.

SEC. 313. Notwithstanding the provisions of section 312 of the Housing Act of 1954 or any request previously made pursuant to such section, upon request of the local public agency the eligibility of the local grants-in-aid for any project in the city of Norfolk, Virginia, in connection with which the final capital grant payment has not been made, shall be determined in accordance with the provisions of sections 110(d) and 112 of the Housing Act of 1949.

42 USC 1460.
Ante, p. 169.

TECHNICAL AMENDMENTS

68 Stat. 623.
42 USC 1451.

SEC. 314. (a) Section 101(c) of the Housing Act of 1949 is amended by inserting in clause (1) after "workable program" the words "for community improvement".

42 USC 1452.

(b) Section 102(a) of such Act is amended by inserting in the second proviso after "demolition and removal" the first place it appears the following: "together with administrative, relocation, and other related costs and payments".

42 USC 1460.

(c) Clause (4) of the second sentence of section 110(c) of such Act is amended by striking out "initial".

PARKS AND RECREATIONAL FACILITIES

42 USC 1455.

SEC. 315. Section 105(a) of the Housing Act of 1949 is amended by striking out "and" preceding clause (iii), and by adding at the end thereof the following: "and (iv) the urban renewal plan gives due consideration to the provision of adequate park and recreational areas and facilities, as may be desirable for neighborhood improvement, with special consideration for the health, safety, and welfare of children residing in the general vicinity of the site covered by the plan;".

TITLE IV—COLLEGE HOUSING

LOAN AUTHORIZATION

73 Stat. 681.
12 USC 1749.

SEC. 401. Section 401(d) of the Housing Act of 1950 is amended by striking out the first colon and all that follows and inserting in lieu thereof the following: "which amount shall be increased by \$300,000,000 on July 1 in each of the years 1961 through 1964: *Provided*, That the amount outstanding for other educational facilities, as defined herein, shall not exceed \$175,000,000, which limit shall be increased by \$30,000,000 on July 1 in each of the years 1961 through 1964: *Provided further*, That the amount outstanding for hospitals, referred to in clause (2) of section 404(b) of this title, shall not exceed \$100,000,000, which limit shall be increased by \$30,000,000 on July 1 in each of the years 1961 through 1964."

71 Stat. 304.
12 USC 1749c.

APPORTIONMENT BY STATES

SEC. 402. Section 403 of the Housing Act of 1950 is amended by striking out "10 per centum" and inserting in lieu thereof "12½ per centum". 64 Stat. 80.
12 USC 1749b.

HOUSING PROVIDED BY NONPROFIT CORPORATIONS

SEC. 403. (a) Clause (3) of section 404(b) of the Housing Act of 1950 is amended— 71 Stat. 304.
12 USC 1749c.

(1) by striking out "established by any institution included in clause (1) of this subsection for the sole purpose" and inserting in lieu thereof "established for the sole purpose"; and

(2) by striking out "such institution" where it first appears and inserting in lieu thereof "one or more institutions included in clause (1) of this subsection".

(b) Clause (3) of section 404(b) of such Act is further amended by striking out "will pass to such institution" and inserting in lieu thereof "will pass to such institution (or to any one or more of such institutions) unless it is shown to the satisfaction of the Administrator that such property or the proceeds from its sale will be used for some other nonprofit educational purpose".

(c) Section 404(b) of such Act is further amended by adding at the end thereof the following new sentence: "In the case of any loan made under section 401 to a corporation described in clause (3) of this subsection which was not established by the institution or institutions for whose students or students and faculty it would provide housing, the Administrator shall require that the note securing such loan be cosigned by such institution (or by any one or more of such institutions)." 69 Stat. 644.
12 USC 1749.

TITLE V—COMMUNITY FACILITIES

PUBLIC FACILITY LOANS

SEC. 501. (a)(1) The second paragraph of section 201 of the Housing Amendments of 1955 is amended by inserting after "public works or facilities" the following: "(including mass transportation facilities and equipment)". 69 Stat. 642.
42 USC 1491.

(2) The third paragraph of section 201 of such Amendments is amended by inserting after "title" the following: "(subject to the limitations contained herein)".

(b) The first sentence of section 202(a) of such Amendments is amended to read as follows: "The Housing and Home Finance Administrator is authorized (1) to purchase the securities and obligations of, or make loans to, municipalities and other political subdivisions and instrumentalities of States (including public agencies and instrumentalities of one or more municipalities or other political subdivisions in the same State), to finance specific projects for public works or facilities under State, municipal, or other applicable law, and (2) to purchase the securities and obligations of, or make loans to, States, municipalities and other political subdivisions of States, public agencies and instrumentalities of one or more States, municipalities and political subdivisions of States, and public corporations, boards, and commissions established under the laws of any State, to finance the acquisition, construction, reconstruction, and improvement of facilities and equipment for use, by operation or lease or otherwise, in mass transportation service in urban areas, and for use in coordinating highway, bus, surface-rail, underground, parking and other transportation facilities in such areas. The facilities and equipment referred to in clause (2) may include land, but 42 USC 1492.

not public highways, and any other real or personal property needed for an economic, efficient, and coordinated mass transportation system."

42 USC 1492.

(c) Section 202(b)(2) of such Amendments is amended by adding at the end thereof the following new sentence: "Subject to such maximum maturity, the Administrator in his discretion may provide for the postponement of the payment of interest on not more than 50 per centum of any financial assistance extended to an applicant under this section for a period up to ten years where (A) such assistance does not exceed 50 per centum of the development cost of the project involved, and (B) it is determined by the Administrator that such applicant will experience above-average population growth and the project would contribute to orderly community development, economy, and efficiency; and any amounts so postponed shall be payable with interest in annual installments during the remaining maturity of such assistance."

(d)(1) Section 202(b) of such Amendments is further amended by adding at the end thereof the following new paragraph:

"(3) Financial assistance extended under this section shall bear interest at a rate determined by the Administrator which shall be not more than the higher of (A) 3 per centum per annum, or (B) the total of one-half of 1 per centum per annum added to the rate of interest paid by the Administrator on funds obtained from the Secretary of the Treasury as provided in section 203(a)."

69 Stat. 643;

74 Stat. 1028.

42 USC 1493.

(2) The third sentence of section 203(a) of such Amendments is amended to read as follows: "Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) $2\frac{1}{2}$ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance by the Administrator and adjusted to the nearest one-eighth of 1 per centum."

42 USC 1492.

(e) Section 202(b) of such Amendments is further amended by adding at the end thereof (after the paragraph added by subsection (d)(1) of this section) the following new paragraph:

"(4) No financial assistance shall be extended under clause (1) of subsection (a) of this section to any municipality or other political subdivision having a population of fifty thousand or more (one hundred fifty thousand or more in the case of a community situated in an area designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act) according to the most recent decennial census, or to any public agency or instrumentality of one or more municipalities or other political subdivisions having a population (or an aggregate population) equal to or exceeding that figure according to such census."

Ante, p. 48.

42 USC 1492.

(f) Section 202(c) of such Amendments is amended by striking out "this section" and inserting in lieu thereof "clause (1) of subsection (a) of this section".

(g) Section 202 of such Amendments is further amended by adding at the end thereof the following new subsection:

"(d) No loans may be made for transportation facilities or equipment, pursuant to clause (2) of subsection (a) of this section, unless the Administrator determines (1) that there is being actively developed (or has been developed) for the urban or other metropolitan area served by the applicant a program, meeting criteria established by him, for the development of a comprehensive and coordinated mass transportation system; (2) that the proposed facilities or equipment can reasonably be expected to be required for such a system; and (3)

if such program has not been completed, that there is an urgent need for the provision of the facilities or equipment to be commenced prior to the time that the program could reasonably be expected to be completed: *Provided*, That no such loan shall be made, except under a prior commitment, after December 31, 1962."

(h) Section 203(a) of such Amendments is amended by striking out the words "in an amount not exceeding \$150,000,000, notes and other obligations" in the first sentence and inserting in lieu thereof the following: "notes and other obligations in an amount not to exceed \$650,000,000: *Provided*, That, of the funds obtained through the issuance of such notes and other obligations, \$600,000,000 shall be available only for purchases and loans pursuant to clause (1) of section 202(a) of this title and \$50,000,000 shall be available only for purchases and loans pursuant to clause (2) of such section".

(i) Title II of such Amendments is further amended by adding at the end thereof the following new section: 42 USC 1491-1496.

"SEC. 207. The Administrator is authorized to establish technical advisory services to assist municipalities and other political subdivisions and instrumentalities in the budgeting, financing, planning, and construction of community facilities. There are hereby authorized to be appropriated such sums as may be necessary, together with any fees that may be charged, to cover the cost of such services."

(j) Section 203(b) of such Amendments is amended by inserting "be" immediately after "which may". 42 USC 1493.

ADVANCES FOR PUBLIC WORKS PLANNING

SEC. 502. Section 702 of the Housing Act of 1954 is amended by— 69 Stat. 641.

(1) striking out in subsection (a) "10" and inserting in lieu thereof "12½"; 40 USC 462.

(2) striking out the first sentence of subsection (b) and inserting in lieu thereof the following: "No advance shall be made hereunder with respect to any individual project, including a regional or metropolitan or other area-wide project, unless (1) it is planned to be constructed within or over a reasonable period of time considering the nature of the project, (2) it conforms to an overall State, local, or regional plan approved by a competent State, local, or regional authority, and (3) the public agency formally contracts with the Federal Government to complete the plan preparation promptly and to repay such advance or part thereof when due.";

(3) inserting after "1958;" in subsection (e) the following: "\$10,000,000 which may be made available to such fund on or after July 1, 1961;"; and

(4) striking out in subsection (e) "\$48,000,000" and inserting in lieu thereof "\$58,000,000".

TITLE VI—AMENDMENTS TO THE NATIONAL HOUSING ACT

FEDERAL NATIONAL MORTGAGE ASSOCIATION

SPECIAL ASSISTANCE AUTHORIZATION

SEC. 601. (a) Section 305(c) of the National Housing Act is amended to read as follows: 71 Stat. 299; 72 Stat. 73.

"(c) The total amount of purchases and commitments authorized by the President pursuant to subsection (a) of this section shall not exceed \$1,700,000,000 outstanding at any one time." 12 USC 1720.

72 Stat. 74.
12 USC 1720.

(b) Section 305(g) of such Act is amended by adding before the period at the end thereof the following: “: *Provided further*, That the authority of the Association to make purchases and commitments under this subsection shall terminate on the date of enactment of the Housing Act of 1961, and any portion of the total amount of such authority as specified in the first proviso in this subsection which on such date would otherwise be available for making such purchases and commitments shall be transferred to and merged with the authority granted by subsection (a) and added to the amount of such authority as specified in subsection (c)”.

Ante, p.175.
68 Stat. 618.
12 USC 1721.

(c) Section 306 of such Act is amended by adding at the end thereof the following new subsection:

“(f) Notwithstanding any of the provisions of this Act or of any other law, an amount equal to the net decrease for the preceding fiscal year in the aggregate principal amount of all mortgages owned by the Association under this section shall, as of July 1 of each of the years 1961 through 1964, be transferred to and merged with the authority provided under section 305(a), and the amount of such authority as specified in section 305(c) shall be increased by any amounts so transferred.”

LIMITATION ON MORTGAGE AMOUNT

73 Stat. 669.
12 USC 1717.
12 USC 1748-
1748g.

SEC. 602. (a) Section 302(b) of the National Housing Act is amended by striking out “or 803” and inserting in lieu thereof “or title VIII”.

12 USC 1715e.

(b) Section 302(b) of such Act is further amended by inserting before “or a mortgage covering property” the following: “or insured under section 213 and covering property located in an urban renewal area.”.

FEDERAL NATIONAL MORTGAGE ASSOCIATION LENDING AUTHORITY

12 USC 1719.

48 Stat. 1246.
12 USC 1701.
58 Stat. 284;
72 Stat. 1273.
12 USC 1718.

SEC. 603. (a) Section 302(b) of the National Housing Act is amended by striking out “to make commitments” and all that follows down through the first colon and inserting in lieu thereof the following: “, pursuant to commitments or otherwise, to purchase, lend (under section 304) on the security of, service, sell, or otherwise deal in any mortgages which are insured under the National Housing Act, or which are insured or guaranteed under the Servicemen’s Readjustment Act of 1944 or chapter 37 of title 38, United States Code:”.

(b) The first sentence of section 303(b) of such Act is amended by inserting immediately before the period at the end thereof the following: “; and by requiring each borrower to make such payments, equal to not more than one-half of 1 per centum of the amount lent by the Association to such borrower under section 304”.

(c) Section 303(c) of such Act is amended by striking out the first sentence and by inserting in lieu thereof the following: “The Association shall issue from time to time, to each mortgage seller or borrower, its common stock (only in denominations of \$100 or multiples thereof) evidencing any capital contributions (adjusted by reason of any payments into surplus required by the Association) made by such seller or borrower pursuant to subsection (b) of this section.”

12 USC 1719.

(d) Section 304(a) of such Act is amended by inserting “(1)” before “To carry out”, and by adding at the end thereof the following new paragraph:

“(2) In the further interest of assuring sound operation, any loan made by the Association in its secondary market operations under

this section, and any extension or renewal thereof, shall not exceed 80 per centum of the unpaid principal balances of the mortgages securing the loan, and shall bear interest at a rate consistent with general loan policies established from time to time by the Association's board of directors. Any such loan shall mature in not more than twelve months and the term of any extension or renewal shall not exceed twelve months. The volume of the Association's lending activities and the establishment of its loan ratios, interest rates, maturities, and charges or fees, in its secondary market operations under this section, should be determined by the Association from time to time; and such determinations, in conjunction with determinations made under paragraph (1), should be consistent with the objectives that the lending activities should be conducted on such terms as will reasonably prevent excessive use of the Association's facilities, and that the operations of the Association under this section should be within its income derived from such operations and that such operations should be fully self-supporting. Notwithstanding any Federal, State, or other law to the contrary, the Association is hereby empowered, in connection with any loan under this section, whether before or after any default, to provide by contract with the borrower for the settlement or extinguishment, upon default, of any redemption, equitable, legal, or other right, title, or interest of the borrower in any mortgage or mortgages that constitute the security for the loan; and with respect to any such loan, in the event of default and pursuant otherwise to the terms of the contract, the mortgages that constitute such security shall become the absolute property of the Association."

(e) Section 304(b), section 309(c) and section 310 of such Act are each amended by inserting "or other security holdings" after "mortgages". 12 USC 1719, 1723a, 1723b.

FHA INSURANCE PROGRAMS

LIMITATIONS ON INSURANCE AUTHORIZATIONS

SEC. 604. (a) Section 2(a) of the National Housing Act is amended by striking out in the first sentence "1961" and inserting in lieu thereof "1965". 74 Stat. 1028. 12 USC 1703.

(b) Section 203(a) of such Act is amended by striking out the colon and all that follows the colon and inserting in lieu thereof a period. 48 Stat. 1248. 12 USC 1709.

(c) Section 217 of such Act is amended to read as follows: 73 Stat. 657. 12 USC 1715h.

"GENERAL MORTGAGE INSURANCE AUTHORIZATION

"SEC. 217. Except with respect to the insurance of a loan or mortgage pursuant to section 2, section 221, or title VIII of this Act (subject to any limitations thereunder on the time of such insurance), no loan or mortgage shall be insured under any provision of this Act after October 1, 1965, except pursuant to a commitment to insure before that date." 12 USC 1703, 1715l, 1748-1748g.

(d) Section 803 (a) of such Act is amended by striking out "1961" and inserting in lieu thereof "1962", and by striking out "twenty-five thousand" and inserting in lieu thereof "twenty-eight thousand". 73 Stat. 322. 12 USC 1748b.

SECTION 203 RESIDENTIAL HOUSING INSURANCE

SEC. 605. (a) Section 203(b) (2) of such act is amended— 71 Stat. 294. 12 USC 1709.

(1) by striking out "\$13,500" each place it appears and inserting in lieu thereof "\$15,000";

(2) by striking out "\$18,000" each place it appears and inserting in lieu thereof "\$20,000"; and

(3) by striking out "70 per centum" and inserting in lieu thereof "75 per centum".

73 Stat. 654.
12 USC 1709.

(b) Section 203(b)(2) of such Act is amended (1) by striking out "\$22,500" and inserting in lieu thereof "\$25,000", and (2) by striking out "or \$25,000" and inserting in lieu thereof "or \$27,500".

68 Stat. 591.
12 USC 1709.

(c) Section 203(b)(3) of such Act is amended by striking out "thirty years" and inserting in lieu thereof "thirty-five years (or thirty years if such mortgage is not approved for insurance prior to construction)".

AUTHORITY TO REDUCE PREMIUM CHARGES

52 Stat. 11.
12 USC 1709.

SEC. 606. The first sentence of section 203(c) of the National Housing Act is amended to read as follows: "The Commissioner is authorized to fix premium charges for the insurance of mortgages under the separate sections of this title but in the case of any mortgage such charge shall be not less than an amount equivalent to one-fourth of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments: *Provided*, That any reduced premium charge so fixed and computed may, in the discretion of the Commissioner, also be made applicable in such manner as the Commissioner shall prescribe to each insured mortgage outstanding under the section or sections involved at the time the reduced premium charge is fixed."

SECTION 207 RENTAL HOUSING INSURANCE

52 Stat. 16.
12 USC 1713.

SEC. 607. Section 207 of the National Housing Act is amended by—
(1) striking out the first paragraph of subsection (b)(2) and inserting in lieu thereof the following:

"(2) any other mortgagor approved by the Commissioner which, until the termination of all obligations of the Commissioner under the insurance and during such further period of time as the Commissioner shall be the owner, holder, or reinsurer of the mortgage, is regulated or restricted by the Commissioner as to rents or sales, charges, capital structure, rate of return, and methods of operation to such extent and in such manner as to provide reasonable rentals to tenants and a reasonable return on the investment. The Commissioner may make such contracts with and acquire, for not to exceed \$100, such stock or interest in the mortgagor as he may deem necessary to render effective the regulations or restrictions. The stock or interest acquired by the Commissioner shall be paid for out of the Housing Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.";

(2) inserting in subsection (c)(3) after the words "attributable to dwelling use" the following: "(excluding exterior land improvements as defined by the Commissioner)";

(3) striking out "\$1,500 per space" in subsection (c)(3) and inserting in lieu thereof "\$1,800 per space"; and

(4) inserting in the first sentence of subsection (i) after the words "of this section" the following: "except that debentures issued pursuant to the provisions of section 220(f), 221(g), and section 233 may be dated as of the date the mortgage is assigned (or the property is conveyed) to the Commissioner".

12 USC 1715k,
1715l.
Ante, p. 158.

SECTION 213 COOPERATIVE HOUSING INSURANCE

SEC. 608. (a) Section 213 of the National Housing Act is amended by— 64 Stat. 54.
12 USC 1715e.

(1) inserting in paragraph (2) of subsection (b) after the words “as may be attributable to dwelling use” the following: “(excluding exterior land improvements as defined by the Commissioner)”; 73 Stat. 656.

(2) striking out “eight or more family units” in subsection (d) and inserting in lieu thereof “five or more family units”; and 69 Stat. 635.

(3) striking out in subsection (h) “such mortgagor shall not thereafter be eligible by reason of such paragraph (3) for insurance of any additional mortgage loans pursuant to this section” and inserting in lieu thereof the following: “the Commissioner is authorized to refuse, for such period of time as he shall deem appropriate under the circumstances, to insure under this section any additional investor-sponsor type mortgage loans made to such mortgagor or to any other investor-sponsor mortgagor where, in the determination of the Commissioner, any of its stockholders were identified with such mortgagor”. 70 Stat. 1094.

(b) Section 213 of such Act is further amended by adding at the end thereof the following new subsection:

“(j)(1) With respect to any property covered by a mortgage insured under this section (or any cooperative housing project covered by a mortgage insured under section 207 as in effect prior to the enactment of the Housing Act of 1950), the Commissioner is authorized, upon such terms and conditions as he may prescribe, to make commitments to insure and to insure supplementary cooperative loans (including advances during construction or improvement) made by financial institutions approved by the Commissioner. As used in this subsection, ‘supplementary cooperative loan’ means a loan, advance of credit, or purchase of an obligation representing a loan or advance of credit made for the purpose of financing any of the following: 12 USC 1713.
64 Stat. 48.
12 USC 1701k note.

“(A) Improvements or repairs of the property covered by such mortgage; or

“(B) Community facilities necessary to serve the occupants of the property.

“(2) To be eligible for insurance under this subsection, a supplementary cooperative loan shall—

“(A) be limited to an amount which, when added to the outstanding mortgage indebtedness on the property, creates a total outstanding indebtedness which does not exceed the original principal obligation of the mortgage;

“(B) have a maturity satisfactory to the Commissioner but not to exceed the remaining term of the mortgage;

“(C) be secured in such manner as the Commissioner may require;

“(D) contain such other terms, conditions, and restrictions as the Commissioner may prescribe; and

“(E) represent the obligation of a borrower of the character described in paragraph (1) of subsection (a).”

SECTION 220 SALES HOUSING MORTGAGE INSURANCE

SEC. 609. (a) Section 220(d)(3)(A)(i) of the National Housing Act is amended— 73 Stat. 657.
12 USC 1715k.

(1) by striking out “\$13,500” each place it appears and inserting in lieu thereof “\$15,000”;

(2) by striking out “\$18,000” each place it appears and inserting in lieu thereof “\$20,000”; and

(3) by striking out "70 per centum" and inserting in lieu thereof "75 per centum".

73 Stat. 657.
12 USC 1715k.

(b) Section 220(d) (3) (A) of such Act is amended (1) by striking out "\$22,500" and inserting in lieu thereof "\$25,000", and (2) by striking out "or \$25,000" and inserting in lieu thereof "or \$27,500".

NURSING HOMES

73 Stat. 663.
12 USC 1715w.

SEC. 610. Section 232(d) (2) of the National Housing Act is amended by striking out the words following the comma and inserting in lieu thereof the following: "and not to exceed 90 per centum of the estimated value of the property or project when the proposed improvements are completed."

HOUSING FOR DEFENSE-IMPACTED AREAS

73 Stat. 683.
12 USC 1748h-2.

SEC. 611. (a) (1) Section 810(b) of the National Housing Act is amended (A) by striking out "the Secretary of Defense or his designee shall have certified to the Commissioner that", and (B) by striking out the last sentence.

(2) Section 810(d) of such Act is amended (A) by striking out "until advised by the Secretary of Defense or his designee" and inserting in lieu thereof "until he finds", and (B) by striking out "as evidenced by certification" and all that follows and inserting in lieu thereof a period.

Repeal.

(3) Section 810(1) of such Act is repealed.

73 Stat. 321.
42 USC 15941.

(b) Section 406(a) of the Act of August 30, 1957 (71 Stat. 556), is amended by striking out "and no certificates with respect to any family housing units shall be issued by the Secretary of Defense or his designee under section 810 of the National Housing Act, as amended,".

12 USC 1748h-2.

MISCELLANEOUS FHA AMENDMENTS

52 Stat. 11.
12 USC 1709.

SEC. 612. (a) Section 203 of the National Housing Act is amended by—

(1) striking out in subsection (b) (3) the words "insurance of the mortgage" and inserting in lieu thereof "beginning of amortization of the mortgage", and

(2) striking out in the first proviso of the second sentence of subsection (c) the words "particular insurance fund" and inserting in lieu thereof "particular insurance fund or account".

12 USC 1710.

(b) The second sentence of section 204(d) of such Act is amended by inserting after "mortgagee after default," the following: "except that debentures issued pursuant to the provisions of section 220(f), section 221(g), and section 233 may be dated as of the date the mortgage is assigned (or the property is conveyed) to the Commissioner,".

12 USC 1715k.
12 USC 1715l.
Ante, p. 158.
12 USC 1710.

(c) The last sentence of section 204(g) of such Act is amended to read as follows: "The power to convey and to execute in the name of the Commissioner deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein heretofore or hereafter acquired by the Commissioner pursuant to the provisions of this Act, may be exercised by the Commissioner or by any Assistant Commissioner appointed by him, without the execution of any express delegation of power or power of attorney: *Provided*, That nothing in this subsection shall be construed to prevent the Commissioner from delegating such power by order or by power of attorney, in his discretion, to any officer, agent, or employee he may appoint: *And provided further*, That a conveyance or transfer of title to real or personal property or an interest therein to the Federal Housing Com-

missioner, his successors and assigns, without identifying the Commissioner therein, shall be deemed a proper conveyance or transfer to the same extent and of like effect as if the Commissioner were personally named in such conveyance or transfer."

(d) Section 209 of such Act is amended by striking out in the second sentence "shall be charged as a general expense of the Fund, the Housing Fund, and the Defense Housing Insurance Fund in such proportion as the Commissioner shall determine" and inserting in lieu thereof "shall be charged as a general expense of such insurance fund or funds, or account or accounts, as the Commissioner shall determine". 12 USC 1715.

(e) Section 212 of such Act is amended by—

12 USC 1715c.

(1) striking out in the second sentence of subsection (a) "any mortgage under section 220" and inserting in lieu thereof "any loan or mortgage under section 220 or section 233"; and

12 USC 1715k.

Ante, p. 158.

(2) striking out in the third sentence of subsection (a) "in subsection (d) (4)" and inserting in lieu thereof "in subsection (d)

(3) in the case of a cooperative or a limited profit mortgagor, or in subsection (d) (4)".

(f) Section 219 of such Act is amended to read as follows:

12 USC 1715j.

"SEC. 219. Notwithstanding any limitations contained in other sections of this Act as to the use of moneys credited to the Title I Insurance Account, the Title I Housing Insurance Fund, the Section 203 Home Improvement Account, the Housing Insurance Fund, the War Housing Insurance Fund, the Housing Investment Insurance Fund, the Armed Services Housing Mortgage Insurance Fund, the National Defense Housing Insurance Fund, the Section 220 Housing Insurance Fund, the Section 220 Home Improvement Account, the Section 221 Housing Insurance Fund, the Experimental Housing Insurance Fund, the Apartment Unit Insurance Fund, or the Servicemen's Mortgage Insurance Fund, the Commissioner is hereby authorized to transfer funds from any one or more of such insurance funds or accounts to any other such fund or account in such amounts and at such times as the Commissioner may determine, taking into consideration the requirements of such funds or accounts, separately and jointly to carry out effectively the insurance programs for which such funds or accounts were established."

12 USC 1709.

12 USC 1715k.

12 USC 1715l.

(g) Section 220(f) of such Act is amended by—

12 USC 1715k.

(1) striking out "or" at the end of paragraph (1),

(2) striking out the period at the end of paragraph (2) and inserting in lieu thereof "; or", and

(3) adding at the end thereof the following:

"(3) as to mortgages meeting the requirements of this section that are insured or initially endorsed for insurance on or after the date of enactment of the Housing Act of 1961, notwithstanding the provisions of paragraphs (1) and (2) of this subsection, the Commissioner in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such paragraphs in cash or in debentures (as provided in the mortgage insurance contract), or may acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Commissioner and made previously by the mortgagee under the provisions of the mortgage. After the acquisition of the mortgage by the Commissioner the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan. The appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations

12 USC 1710,
1713.

75 STAT. 182.

12 USC 1710.

12 USC 1715k.

12 USC 1709.

12 USC 1713.

12 USC 1715n,
1715e.

12 USC 1715l,
1715m, 1715v,
1715w.

Ante, p. 158.

12 USC 1750c,
1750g.

12 USC 1743.

of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this paragraph, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner, except that as applied to mortgages so acquired (A) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 220 Housing Insurance Fund, (B) all references in section 204 to section 203 shall be construed to refer to this section, and (C) all references in section 207 to the Housing Insurance Fund, the Housing Fund, or the Fund shall be construed to refer to the Section 220 Housing Insurance Fund."

(h) (1) Section 223(a) of such Act is amended by striking out "213, or 222" each place it appears and inserting in lieu thereof "213, 220, 221, 222, 231, 232, or 233".

(2) Section 223(a) (7) of such Act is amended—

(A) by striking out "section 903 or section 908 of title IX" and inserting in lieu thereof "section 220, 221, 903, or 908"; and

(B) by striking out "insured under section 608 or 908".

(3) Section 223 of such Act is further amended by adding at the end thereof the following new subsection:

"(d) With respect to any mortgage, other than a mortgage covering a one- to four-family structure, heretofore or hereafter insured by the Commissioner, and notwithstanding any other provision of this Act, when the taxes, interest on the mortgage debt, mortgage insurance premiums, hazard insurance premiums, and the expense of maintenance and operation of the project covered by such mortgage during the first two years following the date of completion of the project, as determined by the Commissioner, exceed the project income, the Commissioner may, in his discretion and upon such terms and conditions as he may prescribe, permit the excess of the foregoing expenses over the project income to be added to the amount of such mortgage, and extend the coverage of the mortgage insurance thereto, and such additional amount shall be deemed to be part of the original face amount of the mortgage."

12 USC 1715o.

68 Stat. 590.
12 USC 1703
note.

12 USC 1715l.

(i) The first sentence of section 224 of such Act is amended to read as follows: "Notwithstanding any other provisions of this Act, debentures issued under any section of this Act with respect to a loan or mortgage accepted for insurance on or after thirty days following the effective date of the Housing Act of 1954 (except debentures issued pursuant to paragraph (4) of section 221(g)) shall bear interest at the rate in effect on the date the commitment to insure the loan or mortgage was issued, or the date the loan or mortgage was endorsed for insurance, or (when there are two or more insurance endorsements) the date the loan or mortgage was initially endorsed for insurance, whichever rate is the highest, except that debentures issued pursuant to section 220(f), section 220(h) (7), section 221(g), or section 223 may, at the discretion of the Commissioner, bear interest at the rate in effect on the date they are issued."

12 USC 1715q.

(j) Section 226 of such Act is amended by—

(1) striking out in the first sentence "222, or" and inserting in lieu thereof "222, 233, 234, or"; and

(2) striking out in the third sentence the words "that a written statement setting forth such estimate" and inserting in lieu thereof the following: "or on the basis of any other estimates of the Commissioner, that a written statement setting forth such estimate or estimates, as the case may be,".

12 USC 1715m.

Ante, pp. 158,
160.

(k) Section 227 of such Act is amended by—

(1) striking out in subsection (a) “or (vi) under section 810 if the mortgage meets the requirements of subsection (f)” and inserting in lieu thereof “(vi) under section 233 if the mortgage meets the requirements of subsection (b) (2), or (vii) under section 810 if the mortgage meets the requirements of subsection (f)”;

12 USC 1715r.

12 USC 1748h-2.

Ante, p. 158.

(2) striking out in subsection (b) the word “value” and inserting in lieu thereof “value, cost,”; and

(3) striking out in the second and third sentences of subsection (c) “section 221 if the mortgage meets the requirements of paragraph (4) of subsection (d) thereof, or section 231,” and inserting in lieu thereof “section 221(d) (3), section 221(d) (4), section 231, or section 233(b) (2),”.

12 USC 1715l.

12 USC 1715v.

(l) Section 229 of such Act is amended to read as follows:

73 Stat. 662.

12 USC 1715t.

“VOLUNTARY TERMINATION OF INSURANCE

“SEC. 229. Notwithstanding any other provision of this Act and with respect to any loan or mortgage heretofore or hereafter insured under this Act, except under section 2, the Commissioner is authorized to terminate any insurance contract upon request by the borrower or mortgagor and the financial institution or mortgagee and upon payment of such termination charge as the Commissioner determines to be equitable, taking into consideration the necessity of protecting the various insurance Funds and Accounts. Upon such termination, borrowers and mortgagors and financial institutions and mortgagees shall be entitled to the rights, if any, to which they would be entitled under this Act if the insurance contract were terminated by payment in full of the insured loan or mortgage.”

12 USC 1703.

(m) Section 231(c) (2) of such Act is amended to read as follows:

12 USC 1715v.

“(2) not exceed, for such part of such property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Commissioner), \$2,250 per room (or \$9,000 per family unit if the number of rooms in such property or project is less than four per family unit) : *Provided*, That as to projects to consist of elevator-type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,750 per room and the dollar amount limitation of \$9,000 per family unit to not to exceed \$9,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; except that the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed \$1,250 per room, without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require;”.

TITLE VII—OPEN SPACE LAND

FINDINGS AND PURPOSE

SEC. 701. (a) The Congress finds that a combination of economic, social, governmental, and technological forces have caused a rapid expansion of the Nation's urban areas, which has created critical problems of service and finance for all levels of government and which, combined with a rapid population growth in such areas, threatens severe problems of urban and suburban living, including the loss of

valuable open-space land in such areas, for the preponderant majority of the Nation's present and future population.

(b) It is the purpose of this title to help curb urban sprawl and prevent the spread of urban blight and deterioration, to encourage more economic and desirable urban development, and to help provide necessary recreational, conservation, and scenic areas by assisting State and local governments in taking prompt action to preserve open-space land which is essential to the proper long-range development and welfare of the Nation's urban areas, in accordance with plans for the allocation of such land for open-space purposes.

FEDERAL GRANTS

SEC. 702. (a) In order to encourage and assist in the timely acquisition of land to be used as permanent open-space land, as defined herein, the Housing and Home Finance Administrator (hereinafter referred to as the "Administrator") is authorized to enter into contracts to make grants to States and local public bodies acceptable to the Administrator as capable of carrying out the provisions of this title to help finance the acquisition of title to, or other permanent interests in, such land. The amount of any such grant shall not exceed 20 per centum of the total cost, as approved by the Administrator, of acquiring such interests: *Provided*, That this limitation may be increased to not to exceed 30 per centum in the case of a grant extended to a public body which (1) exercises responsibilities consistent with the purposes of this title for an urban area as a whole, or (2) exercises or participates in the exercise of such responsibilities for all or a substantial portion of an urban area pursuant to an interstate or other intergovernmental compact or agreement. The faith of the United States is pledged to the payment of all grants contracted for under this title.

Limitation.

Appropriation.

(b) The Administrator may enter into contracts to make grants under this title aggregating not to exceed \$50,000,000. There are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, the amounts necessary to provide for the payment of such grants as well as to carry out all other purposes of this title.

Restrictions.

(c) No grants under this title shall be used to defray development costs or ordinary State or local governmental expenses, or to help finance the acquisition by a public body of land located outside the urban area for which it exercises (or participates in the exercise of) responsibilities consistent with the purpose of this title.

(d) The Administrator may set such further terms and conditions for assistance under this title as he determines to be desirable.

Review of applications.

(e) The Administrator shall consult with the Secretary of the Interior on the general policies to be followed in reviewing applications for grants. To assist the Administrator in such review, the Secretary of the Interior shall furnish him appropriate information on the status of recreational planning for the areas to be served by the open-space land acquired with the grants. The Administrator shall provide current information to the Secretary from time to time on significant program developments.

PLANNING REQUIREMENTS

SEC. 703. (a) The Administrator shall enter into contracts to make grants for the acquisition of land under this title only if he finds that (1) the proposed use of the land for permanent open space is important to the execution of a comprehensive plan for the urban area meeting criteria he has established for such plans, and (2) a program of

comprehensive planning (as defined in section 701(d) of the Housing Act of 1954) is being actively carried on for the urban area.

(b) In extending financial assistance under this title, the Administrator shall take such action as he deems appropriate to assure that local governing bodies are preserving a maximum of open-space land, with a minimum of cost, through the use of existing public land; the use of special tax, zoning, and subdivision provisions; and the continuation of appropriate private use of open-space land through acquisition and leaseback, the acquisition of restrictive easements, and other available means.

73 Stat. 678.

40 USC 461.

CONVERSIONS TO OTHER USES

SEC. 704. No open-space land for which a grant has been made under this title shall, without the approval of the Administrator, be converted to uses other than those originally approved by him. The Administrator shall approve no conversion of land from open-space use unless he finds that such conversion is essential to the orderly development and growth of the urban area involved and is in accord with the then applicable comprehensive plan, meeting criteria established by him. The Administrator shall approve any such conversion only upon such conditions as he deems necessary to assure the substitution of other open-space land of at least equal fair market value and of as nearly as feasible equivalent usefulness and location.

TECHNICAL ASSISTANCE, STUDIES, AND PUBLICATION OF INFORMATION

SEC. 705. In order to carry out the purpose of this title the Administrator is authorized to provide technical assistance to State and local public bodies and to undertake such studies and publish such information, either directly or by contract, as he shall determine to be desirable. There are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such amounts as may be necessary to provide for such assistance, studies, and publication. Nothing contained in this section shall limit any authority of the Administrator under any other provision of law.

DEFINITIONS

SEC. 706. As used in this title—

(1) The term "open-space land" means any undeveloped or predominantly undeveloped land in an urban area which has value for (A) park and recreational purposes, (B) conservation of land and other natural resources, or (C) historic or scenic purposes.

(2) The term "urban area" means any area which is urban in character, including those surrounding areas which, in the judgment of the Administrator, form an economic and socially related region, taking into consideration such factors as present and future population trends and patterns of urban growth, location of transportation facilities and systems, and distribution of industrial, commercial, residential, governmental, institutional, and other activities.

(3) The term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam.

TITLE VIII—FARM HOUSING

63 Stat. 432.
42 USC 1471.

SEC. 801. (a) Section 501(b) of the Housing Act of 1949 is amended by inserting "(1)" immediately after "(b)" and by adding at the end thereof a new paragraph as follows:

Definitions.

"(2) For the purposes of this title, the terms 'owner', 'farm', and 'mortgage' shall be deemed to include, respectively, the lessee of, the land included in, and other security interest in, any leasehold interest which the Secretary determines has an unexpired term (A) in the case of a loan, for a period sufficiently beyond the repayment period of the loan to provide adequate security and a reasonable probability of accomplishing the objectives for which the loan is made, and (B) in the case of a grant for a period sufficient to accomplish the objectives for which the grant is made."

42 USC 1472.

(b) Section 502(b)(1) of such Act is amended by striking out "and such additional security" and inserting in lieu thereof the words "or such other security".

42 USC 1481-
1483.

(c) Sections 511, 512, and 513 of such Act are each amended by striking out "1961" and inserting in lieu thereof "1965".

SEC. 802. The second sentence of section 511 of the Housing Act of 1949 is amended by striking out "\$450,000,000" and inserting in lieu thereof "\$650,000,000".

SEC. 803. (a) Section 501(a) of the Housing Act of 1949 is amended by inserting "(1)" before "to owners of farms", and by inserting before the period at the end thereof the following: ", and (2) to owners of other real estate in rural areas to enable them to provide dwellings and related facilities for their own use and buildings adequate for their farming operations".

(b) Section 501(c) of such Act is amended by inserting before the semicolon at the end of clause (1) the following: ", or that he is the owner of other real estate in a rural area without an adequate dwelling or related facilities for his own use or buildings adequate for his farming operations."

(c) Section 501 of such Act is further amended by adding at the end thereof the following new subsection:

Definitions.

"(d) As used in this title (except in sections 503 and 504(b)), the terms 'farm', 'farm dwelling', and 'farm housing' shall include dwellings or other essential buildings of eligible applicants."

42 USC 1471
et seq.

SEC. 804. (a) Title V of the Housing Act of 1949 is further amended by adding at the end thereof the following new section:

"INSURANCE OF LOANS FOR THE PROVISION OF HOUSING AND RELATED
FACILITIES FOR DOMESTIC FARM LABOR

"SEC. 514. (a) The Secretary is authorized to insure and make commitments to insure loans made by lenders other than the United States to the owner of any farm, any association of farmers, any State or political subdivision thereof, or any public or private nonprofit organization for the purpose of providing housing and related facilities for domestic farm labor in accordance with terms and conditions substantially identical with those specified in section 502; except that—

42 USC 1472.

"(1) no such loan shall be insured in an amount in excess of the value of the farm involved less any prior liens in the case of a loan to an individual owner of a farm, or the total estimated value of the structures and facilities with respect to which the loan is made in the case of any other loan;

"(2) no such loan shall be insured if it bears interest at a rate in excess of 5 per centum per annum;

"(3) out of interest payments by the borrower the Secretary shall retain a charge in an amount not less than one-half of 1 per centum per annum of the unpaid principal balance of the loan;

"(4) the insurance contracts and agreements with respect to any loan may contain provisions for servicing the loan by the Secretary or by the lender, and for the purchase by the Secretary of the loan if it is not in default, on such terms and conditions as the Secretary may prescribe; and

"(5) the Secretary may take mortgages creating a lien running to the United States for the benefit of the insurance fund referred to in subsection (b) notwithstanding the fact that the note may be held by the lender or his assignee.

"(b) The Secretary shall utilize the insurance fund created by section 11 of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1005a) and the provisions of section 13 (a), (b), and (c) of such Act (7 U.S.C. 1005c (a), (b), and (c)) to discharge obligations under insurance contracts made pursuant to this section, and

Farm tenant mortgage insurance fund.
60 Stat. 1075.

"(1) the Secretary may utilize the insurance fund to pay taxes, insurance, prior liens, and other expenses to protect the security for loans which have been insured hereunder and to acquire such security property at foreclosure sale or otherwise;

"(2) the notes and security therefor acquired by the Secretary under insurance contracts made pursuant to this section shall become a part of the insurance fund. Loans insured under this section may be held in the fund and collected in accordance with their terms or may be sold and reinsured. All proceeds from such collections, including the liquidation of security and the proceeds of sales, shall become a part of the insurance fund; and

"(3) of the charges retained by the Secretary out of interest payments by the borrower, amounts not less than one-half of 1 per centum per annum of the unpaid principal balance of the loan shall be deposited in and become a part of the insurance fund. The remainder of such charges shall be deposited in the Treasury of the United States and shall be available for administrative expenses of the Farmers Home Administration, to be transferred annually to and become merged with any appropriation for such expenses.

"(c) Any contract of insurance executed by the Secretary under this section shall be an obligation of the United States and incontestable except for fraud or misrepresentation of which the holder of the contract has actual knowledge.

Insurance contract.

"(d) The aggregate amount of the principal obligations of the loans insured under this section shall not exceed \$25,000,000 in any one fiscal year.

Maximum obligations.

"(e) Amounts made available pursuant to section 513 of this Act shall be available for administrative expenses incurred under this section.

42 USC 1483.

"(f) As used in this section—

"(1) the term 'housing' means (A) new structures suitable for dwelling use by domestic farm labor, and (B) existing structures which can be made suitable for dwelling use by domestic farm labor by rehabilitation, alteration, conversion, or improvement; and

"Housing."

"(2) the term 'related facilities' means (A) new structures suitable for use as dining halls, community rooms or buildings, or infirmaries, or for other essential services facilities, and (B) existing structures which can be made suitable for the above uses by rehabilitation, alteration, conversion, or improvement; and

"Related facilities."

"Domestic farm labor."

"(3) the term 'domestic farm labor' means citizens of the United States who receive a substantial portion (as determined by the Secretary) of their income as laborers on farms situated in the United States."

42 USC 1471
et seq.

(b) Title V of such Act is further amended—

- (1) by inserting in section 506(a) "and section 514," immediately after "501 to 504, inclusive," each place it appears; and
- (2) by striking out "under this title" in section 507 and inserting in lieu thereof "under sections 501 to 504, inclusive".

(c) The first paragraph of section 24 of the Federal Reserve Act (12 U.S.C. 371) is amended by inserting after "the Act of August 28, 1937, as amended" the following: " , or title V of the Housing Act of 1949, as amended".

SEC. 805. (a) Section 506 of the Housing Act of 1949 is amended—

- (1) by striking out the last sentence of subsection (a) ;
- (2) by redesignating subsection (b) as subsection (e) ; and
- (3) by inserting after subsection (a) the following new subsections:

Research and
technical
studies.

"(b) The Secretary is further authorized to conduct research and technical studies including the development, demonstration, and promotion of construction of adequate farm dwellings and other buildings for the purpose of stimulating construction, improving the architectural design and utility of such dwellings and buildings, and utilizing new and native materials, economies in materials and construction methods, and new methods of production, distribution, assembly, and construction, with a view to reducing the cost of farm dwellings and buildings and adapting and developing fixtures and appurtenances for more efficient and economical farm use.

"(c) The Secretary is further authorized to carry out a program of research, study, and analysis of farm housing in the United States to develop data and information on—

"(1) the adequacy of existing farm housing ;

"(2) the nature and extent of current and prospective needs for farm housing, including needs for financing and for improved design, utility, and comfort, and the best methods of satisfying such needs ;

42 USC 1471.

"(3) problems faced by farmers and other persons eligible under section 501 in purchasing, constructing, improving, altering, repairing, and replacing farm housing ;

"(4) the interrelation of farm housing problems and the problems of housing in urban and suburban areas ; and

"(5) any other matters bearing upon the provision of adequate farm housing.

"(d) To the extent determined by him to be advisable, the Secretary may carry out the research and study programs authorized by subsections (b) and (c) through grants made by him on such terms, conditions, and standards as he may prescribe to land-grant colleges established pursuant to the Act of July 2, 1862 (7 U.S.C. 301-308) or through such other agencies as he may select."

42 USC 1483.

(b) Section 513 of such Act is amended by striking out "and (c)" and inserting in lieu thereof the following: "(c) not to exceed \$250,000 per year for research and study programs pursuant to subsections (b), (c), and (d) of section 506 during the period beginning July 1, 1961, and ending June 30, 1965; and (d)".

42 USC 1478.

SEC. 806. (a) Section 508 of the Housing Act of 1949 is amended by striking out "of \$5 per day" in subsection (a) and inserting in lieu thereof "determined by the Secretary".

(b) Section 508 of such Act is amended by striking out "their opinions of the reasonable values of the farms" in the second sentence of subsection (b) and inserting in lieu thereof "as to the amount of the loan or grant."

TITLE IX—MISCELLANEOUS

HOME OWNERS' LOAN ACT OF 1933

SEC. 901. (a) Section 5(c) of the Home Owners' Loan Act of 1933 is amended by striking out "in loans insured under title I of the National Housing Act, as amended," in the first sentence of the second paragraph and inserting in lieu thereof "in loans insured under title I of the National Housing Act, in home improvement loans insured under title II of the National Housing Act,".

(b) Section 5(c) of such Act is further amended by adding at the end thereof the following new paragraph:

"Without regard to any other provision of this subsection except the area restriction and the \$35,000 limitation, any such association may invest an amount not exceeding at any one time 5 per centum of its assets in nonamortized loans which are made on the security of first liens upon homes or combinations of homes and business property and which (1) are repayable within a period of eighteen months, (2) provide that interest payments be made at least semiannually, and (3) do not exceed 80 per centum of the appraised value of the property involved. For the purposes of this paragraph the term 'first liens' includes the assignment of the whole of the beneficial interest in a trust having a corporate trustee whereunder real estate held in the trust can be subjected to the satisfaction of the obligation or obligations secured with the same priority as a first mortgage, a first deed of trust, or a first trust deed in the jurisdiction where the real estate is located."

(c) Section 5(c) of such Act is further amended by adding at the end thereof (after the paragraph added by subsection (b) of this section) the following new paragraph:

"Without regard to any other provision of this subsection except the area restriction, any such association is authorized to invest an amount not exceeding at any one time 5 per centum of its assets in amortized loans or participating interests therein which are secured by first liens upon improved real estate used to provide housing facilities for the aging, subject to the following qualifications:

"(1) each such loan shall be repayable within a period of 30 years;

"(2) no such loan shall exceed 90 per centum of the appraised value of the improved real estate given as security therefor; and

"(3) each such loan—

"(A) shall be made upon and secured by real estate which is improved by housing accommodations, individual or multiple, designed for the purpose of providing accommodations for occupancy by aging persons, or of providing rest homes or nursing homes, so constructed or altered as to be suitable primarily for the occupancy of persons over fifty-five years of age and limited principally to the occupancy of such persons; and

"(B) shall be made for the implementation of the purpose described in clause (A)."

12 USC 1464.

(d) Section 5(c) of such Act is further amended by adding at the end thereof (after the paragraph added by subsection (c) of this section) the following new paragraph:

"Without regard to any other provision of this subsection, any such association is authorized to invest not more than 5 per centum of its assets in certificates of beneficial interest issued by any urban renewal investment trust. For the purposes of this paragraph the term 'urban renewal investment trust' means an unincorporated trust established by written agreement between the authorized officers of two or more savings institutions the savings or share accounts of which are insured by an agency of the Federal Government, which agreement—

"(1) expressly limits the purposes of the trust and the investment powers of the trustees to the elimination or prevention of the spread of slums and blighted or deteriorated or deteriorating areas and the redevelopment, renewal, rehabilitation, or conservation of such areas by private enterprise through financing the purchase or rehabilitation of real property, or the construction of improvements thereon, designed or usable for industrial, commercial, or housing purposes within the confines of an urban renewal area (as defined in section 110 of the Housing Act of 1949);

"(2) expressly limits the beneficial ownership of the trust to savings and loan associations or banks the savings or share accounts of which are insured by an agency of the Federal Government;

"(3) provides that such beneficial ownership be evidenced by certificates of beneficial interest, which certificates shall have first claim at all times on the assets of the trust without preference between the holders thereof, and shall be fully transferable and assignable between any such banks and savings and loan associations at all times; and

"(4) expressly provides that it shall be effective and binding between the parties thereto only upon being approved by the board.

Any association chartered under the provisions of this section may become a party to any urban renewal investment trust. The Federal Home Loan Bank Board shall prescribe such rules and regulations, not inconsistent with the provisions of this paragraph, as it may deem necessary for the proper establishment of urban renewal investment trusts, for the effective operation thereof, and the participation in such operations of eligible institutions either as parties, as trustees, or as the holders of certificates of beneficial interest."

(e) Section 5(c) of such Act is further amended by adding at the end thereof (after the paragraph added by subsection (d) of this section) the following new paragraph:

"Without regard to any other provision of this subsection, any such association whose general reserves, surplus, and undivided profits aggregate a sum in excess of 5 per centum of its withdrawable accounts is authorized to invest in, to lend to, or to commit itself to lend to any business development credit corporation incorporated in the State in which the head office of such association is situated, in the same manner and to the same extent as the statutes of such State authorize a savings and loan association organized under the laws of said State to invest in, to lend to, or to commit itself to lend to such business development credit corporation, but the aggregate amount of such investments, loans, and commitments of any such association outstanding at any time shall not exceed one-half of 1 per centum of the total outstanding loans made by such association, or \$250,000, whichever is the lesser."

Federal Home
Loan Bank Board.
Rules and regu-
lations.

42 USC 1460.

FEDERAL RESERVE ACT

SEC. 902. Section 24 of the Federal Reserve Act is amended by inserting at the end of the next to the last paragraph a new sentence as follows: "Home improvement loans which are insured under the provisions of section 203(k) or 220(h) of the National Housing Act may be made without regard to the first lien requirements of this section." 12 USC 371. 12 USC 1709, ante, p.154.

VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

SEC. 903. Section 610(a) of the Housing Act of 1954 is amended by striking out "1961" and inserting in lieu thereof "1965". 68 Stat. 640; 73 Stat. 687. 12 USC 1750jj.

DISPOSAL OF PASSYUNK WAR HOUSING PROJECT

SEC. 904. Section 802(a) of the Housing Act of 1959 is amended by striking out "five" in the first sentence and inserting in lieu thereof "six". 73 Stat. 686.

DISPOSAL OF NATHANAEL GREENE VILLA HOUSING PROJECT

SEC. 905. Notwithstanding the provisions of section 606 of the Act entitled "An Act to expedite the provision of housing in connection with national defense, and for other purposes", approved October 14, 1940, as amended, and any agreements entered into thereunder, the Housing and Home Finance Administrator and the Public Housing Administration are authorized and directed to agree to the sale by the Housing Authority of Savannah, Georgia, to the city of Savannah, Georgia, of all right, title, and interest in and to Nathanael Greene Villa (low-rent Housing project GA-2-8; formerly war housing project GA-9041), for a total price of \$275,000, which shall be paid to the Administration and deposited by the Administration in the Treasury as miscellaneous receipts in accordance with section 606(d) of such Act. 64 Stat. 66. 42 USC 1586.

HOSPITAL CONSTRUCTION

SEC. 906. (a) Section 605(b) of the Housing Act of 1956 is amended by striking out "1960" and inserting in lieu thereof "1962". 42 USC 1592c note.
(b) Section 605(c) of such Act is amended by striking out "and June 30, 1961" and inserting in lieu thereof "June 30, 1961, and June 30, 1962".

PAYMENT IN LIEU OF TAXES BY HOLYOKE HOUSING AUTHORITY

SEC. 907. Notwithstanding the provisions of any other law or any contract or rule of law, the Public Housing Commissioner shall approve the payment in lieu of taxes, in the amount of \$9,933.47, made by the Holyoke Housing Authority to the city of Holyoke, Massachusetts, under section 10(h) of the United States Housing Act of 1937, for its fiscal year ended December 31, 1956. 42 USC 1410.

RECORDS AND AUDIT

SEC. 908. Section 814 of the Housing Act of 1954 is amended to read as follows: 42 USC 1434 and note.

"RECORDS

"SEC. 814. Every contract between the Housing and Home Finance Agency (or any official or constituent thereof) and any person or local body (including any corporation or public or private agency or body) for a loan, advance, grant, or contribution under the United

42 USC 1430.
42 USC 1441
note.

12 USC 1715r.

States Housing Act of 1937, as amended, the Housing Act of 1949, as amended, or any other Act shall provide that such person or local body shall keep such records as the Housing and Home Finance Agency (or such official or constituent thereof) shall from time to time prescribe, including records which permit a speedy and effective audit and will fully disclose the amount and the disposition by such person or local body of the proceeds of the loan, advance, grant, or contribution, or any supplement thereto, the capital cost of any construction project for which any such loan, advance, grant, or contribution is made, and the amount of any private or other non-Federal funds used or grants-in-aid made for or in connection with any such project. No mortgage covering new or rehabilitated multifamily housing (as defined in section 227 of the National Housing Act, as amended) shall be insured unless the mortgagor certifies that he will keep such records as are prescribed by the Federal Housing Commissioner at the time of the certification and that they will be kept in such form as to permit a speedy and effective audit. The Housing and Home Finance Agency or any official or constituent agency thereof and the Comptroller General of the United States shall have access to and the right to examine and audit such records. This section shall become effective on the first day after the first full calendar month following the date of approval of the Housing Act of 1961."

ADMINISTRATIVE

62 Stat. 1283.
12 USC 1701c and
note.

SEC. 909. Section 502 of the Housing Act of 1948 is amended by—
(1) striking out in subsection (c) (3) the first proviso, the colon thereafter, and the words "*And provided further,*" and inserting in lieu thereof "*Provided,*" and

(2) adding at the end thereof the following subsection:

"(d) The Housing and Home Finance Administrator, the Federal Housing Commissioner, and the Public Housing Commissioner, respectively, may utilize funds made available to them for salaries and expenses for payment in advance for dues or fees for library memberships in organizations (or for membership of the individual librarians of the respective agencies in organizations which will not accept library membership) whose publications are available to members only, or to members at a price lower than to the general public, and for payment in advance for publications available only upon that basis or available at a reduced price on prepublication order."

Approved June 30, 1961, 12:16 p. m.

S. 1922

IN THE SENATE OF THE UNITED STATES

MAY 23, 1961

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. JAVITS (for himself and Mr. BUSH) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, viz:

1 On the first page, beginning with line 5, strike out all
2 through line 10 on page 13.

3 On page 13, line 12, strike out "102" and insert in lieu
4 thereof "101".

5 On page 25, line 12, strike out "103" and insert in lieu
6 thereof "102".

7 On page 30, line 23, strike out "104" and insert in
8 lieu thereof "103".

9 On page 71, line 13, strike out "section 221 (g),".

1 On page 72, beginning with line 20, strike out all
 2 through line 3 on page 73, and insert in lieu thereof the
 3 following:

4 “(e) Section 212 of such title is amended by striking
 5 out in the second sentence of subsection (a) ‘any mortgage
 6 under section 220’ and inserting in lieu thereof ‘any loan or
 7 mortgage under section 220 or section 233’.”

8 On page 75, line 9, strike out “(4)” and insert “(3)”.

9 On page 75, line 16, strike out “section 221 (g),”.

10 On page 76, line 20, strike out “section 221 (d) (3),”.

11 On page 83, after line 2, insert a new title as follows:

12 “TITLE VII—FEDERAL LIMITED PROFIT
 13 MORTGAGE CORPORATION

14 “FINDINGS

15 “SEC. 701. (a) While the Congress, in the declaration
 16 of national housing policy set forth in the Housing Act of
 17 1949, established the goal of a decent home and a suitable
 18 living environment for every American family, experience
 19 has demonstrated that this goal is not being met or even
 20 approached for the millions of American families whose
 21 incomes are too high for admission to low-rent public housing
 22 but too low to afford the range of sales prices and rents
 23 required for satisfactory new private housing being produced
 24 under the existing Federal programs of assistance to private
 25 enterprise in housing. Therefore, to further implement the

1 declaration of national housing policy, and consistent with
2 the provision thereof that governmental assistance shall be
3 utilized where feasible to enable private enterprise to serve
4 more of the total housing need, the Congress hereby deter-
5 mines that there is an urgent need for a supplementary sys-
6 tem of housing finance to enable private enterprise to pro-
7 vide homes of sound standards of design and construction
8 for families of moderate income and for elderly persons.

9 “(b) The Congress further determines that there are
10 means available to State and local governments to further
11 assist private enterprise to meet this need at little or no
12 direct cost to such governments by (1) granting exemp-
13 tions, in whole or in part, from taxation on the increased
14 value of real property, (2) assisting in the assembling of
15 sites through the use of the power of condemnation and
16 eminent domain, and (3) promoting the use of sites, cleared
17 under the slum clearance and urban renewal provisions of
18 the Housing Act of 1949, as amended, for such housing.
19 While not making such assistance mandatory, it is the sense
20 of the Congress that such assistance should be given to
21 housing constructed under this title.

22 “PURPOSE

23 “SEC. 702. The purpose of this title is to provide sat-
24 isfactory housing in well-planned, economically sound resi-
25 dential neighborhoods for families of moderate income and

1 elderly persons whose needs are not now being served
2 through existing programs of assistance to private and pub-
3 lic enterprise, and to accomplish this purpose, this title makes
4 financial assistance available to eligible borrowers for the pro-
5 vision of housing of sound design and construction which will
6 promote such economies as will be fully reflected in reduced
7 rents or charges.

8 “CREATION AND POWERS OF FEDERAL LIMITED PROFIT

9 MORTGAGE CORPORATION

10 “SEC. 703. (a) To effectuate the purpose of this title,
11 there is hereby created a body corporate to be known as the
12 ‘Federal Limited Profit Mortgage Corporation’ (hereinafter
13 referred to as the ‘Corporation’) with authority, as herein
14 provided, to make and service loans, issue obligations in such
15 amounts, at such times, and on such terms as the Corporation
16 may determine, and to exercise the other powers and duties
17 prescribed in this title. In the performance of, and with
18 respect to, the functions, powers, and duties vested in it by
19 this title, the Corporation, notwithstanding the provisions of
20 any other law, may—

21 “(1) adopt and use a corporate seal;

22 “(2) sue or be sued in any Federal, State, or local
23 court of competent jurisdiction;

24 “(3) enter into contracts with regard to section
25 3709 of the Revised Statutes and make advance, prog-

1 ress, or other payments with respect to such contracts
2 without regard to the provisions of section 3648 of the
3 Revised Statutes, and include in any contract or instru-
4 ment made pursuant to this title such other provisions
5 as the Corporation deems necessary to assure that the
6 purposes of this title will be achieved;

7 “ (4) foreclose on any property or take any action
8 to protect or enforce any right conferred upon it by any
9 law, contract, or other agreement, and bid for and pur-
10 chase at any foreclosure or any other sale any project
11 or part thereof in connection with which it has made a
12 loan pursuant to this title;

13 “ (5) pay all expenses or charges in connection with,
14 and deal with, complete, reconstruct, improve, rent,
15 manage, make contracts for the management of, or
16 establish suitable agencies for the management of, or
17 sell for cash or credit, or lease in its discretion, in whole
18 or in part, any project acquired pursuant to this title and
19 to pursue to final collection by way of compromise or
20 otherwise all claims acquired by, or assigned or trans-
21 ferred to, it in connection with the acquisition or disposal
22 of any housing project pursuant to this title, notwith-
23 standing any other provisions of law relating to the
24 acquisition, handling, or disposal of real or personal
25 property: *Provided*, That any such acquisition of real

1 property shall not deprive the State of any political sub-
2 division thereof of its civil or criminal jurisdiction in
3 and over such property or impair the civil rights under
4 State or local laws of the inhabitants on such property;

5 “(6) acquire, hold, sell, or exchange at public or
6 private sale, or lease, or otherwise dispose of, real or
7 personal property, and sell or exchange any securities or
8 obligations;

9 “(7) subject to the specific limitations in this title,
10 consent to the modification, with respect to rate of in-
11 terest, time of payment of any installment of principal
12 or interest, security, or any other term, of any contract
13 or agreement to which it is a party or which has been
14 transferred to it pursuant to this title;

15 “(8) utilize and act through, with regard to section
16 3709 of the Revised Statutes, any Federal, State, or
17 local public agency or instrumentality, or nonprofit
18 agency or organization, with the consent of the agency
19 or organization concerned, and contract with any such
20 agency, instrumentality, or organization for the furnish-
21 ing of any services or facilities; and may make advance,
22 progress, or other payments with respect to such con-
23 tracts without regard to the provisions of section 3648
24 of the Revised Statutes;

25 “(9) enter into contracts with any Federal Housing

1 Administration approved mortgagee to service loans
2 made by such institutions;

3 “(10) have succession in its corporate name; and

4 “(11) do all things which are necessary or inci-
5 dental to the proper management of its affairs and the
6 proper conduct of its business.

7 “(b) The Corporation may determine the necessity for
8 and the character of its obligations and expenditures and the
9 manner in which they shall be incurred, allowed, and ac-
10 counted for. The business of the Corporation shall not be
11 considered official business of the United States within the
12 meaning of any statute permitting the free use of the United
13 States mails.

14 “(c) The Corporation may make available to eligible
15 borrowers technical and other assistance which they may
16 require in the initiation, development, and administration
17 of their project.

18 “BOARD OF DIRECTORS

19 “SEC. 704. (a) The management of the Corporation shall
20 be vested in a Board of Directors (hereinafter referred to as
21 the ‘Board’) consisting of five persons, one of whom shall
22 be the Housing and Home Finance Administrator as Chair-
23 man of the Board, and four of whom shall be appointed by
24 the Administrator from among the officers or employees of
25 the Corporation, of the immediate office of the Adminis-

1 trator, or (with the consent of the head of such department
2 or agency) of any other department or agency of the Federal
3 Government. The Board shall meet at the call of its Chair-
4 man, who shall require it to meet not less than once each
5 month. Within the limitations of law, the Board shall deter-
6 mine the general policies which shall govern the operations
7 of the Corporation. The Board shall select and effect the
8 appointment of a qualified person to fill the office of Presi-
9 dent of the Corporation. The basic rate of compensation of
10 the position of President of the Corporation shall be the same
11 as the basic rate of compensation established for the heads of
12 the constituent agencies of the Housing and Home Finance
13 Agency. The Board shall select, employ, appoint, and fix
14 the compensation of such other officers and employees as may
15 be necessary to carry out the duties of the Corporation, with-
16 out regard to the provisions of law applicable to the employ-
17 ment, compensation, leave, or expenses of officers and em-
18 ployees of the United States; except that the rates of basic
19 compensation of such officers and employees shall be com-
20 parable to those established for officers and employees under
21 the Classification Act of 1949, as amended. The members of
22 the Board, as such, shall not receive compensation for their
23 services.

24 “(b) The Board shall supervise the Corporation, shall
25 perform the other duties prescribed herein, and shall have

1 the power to adopt, amend, and require the observance
2 of such rules, regulations, and orders as shall be necessary
3 from time to time for carrying out the purposes of this title
4 and for coordinating the activities of the Corporation with
5 the housing functions and activities administered within
6 the Housing and Home Finance Agency, or any of its
7 constituent agencies, and with the general economic and
8 fiscal policies of the Government, and in carrying out these
9 responsibilities the Board shall consult with the Advisory
10 Committee, established under subsection (c) of this sec-
11 tion. In the performance of, and with respect to, the func-
12 tions, powers, and duties vested in it by this title, the Board,
13 notwithstanding the provisions of any other law, may ex-
14 ercise any of the powers enumerated in the second sentence
15 of section 703 (a) of this title and shall—

16 “(1) estimate the need for housing for moderate-
17 income families and elderly persons in each housing
18 market area of the country and allocate and reallocate
19 to each area its appropriate share of the loan funds
20 authorized by this title;

21 “(2) delegate, in its discretion, any of the func-
22 tions, powers, and duties vested in it by this title to any
23 officers or employees under its direction and supervision;

24 “(3) take such steps as it deems necessary and de-

1 sirable to assure that the benefits of this program are
2 not dissipated through speculative devices, to assure that
3 the organization of any corporate borrower and its pro-
4 posed methods of operation are such as will avoid its use
5 for speculative purposes or the payment of excessive
6 fees, salaries, or charges in connection with any housing
7 project, and to encourage borrowers to adopt methods by
8 which occupants of dwellings may be permitted to re-
9 duce their rentals or other occupancy charges by occu-
10 pant maintenance and repair or other means of self-help
11 and methods whereby they may acquire (subject to the
12 right of a cooperative to repurchase) ownership of their
13 individual dwellings where such dwellings are free stand-
14 ing; and

15 “(4) make an annual report to the President of the
16 United States for transmission to the Congress, to be sub-
17 mitted as soon as practicable following the close of the
18 year for which such report is made.

19 “(c) (1) An advisory committee shall be appointed by
20 the Board to consist of seven members. In appointing such
21 members the Board shall seek to obtain persons whose
22 knowledge and experience in one or more of the fields of
23 State or local government, the building of rental and co-
24 operative housing projects, or the promotion or development
25 of such projects would be of assistance in the administration

1 of the program authorized by this title. From the members
2 appointed to such committee the Board shall designate a
3 chairman. The committee shall meet on the call of the Board
4 which shall be not less than twice during each calendar year.

5 “(2) Members of the advisory committee shall be en-
6 titled to receive compensation at a rate to be fixed by the
7 Board, but not exceeding \$50 per diem, and shall be entitled
8 to receive an allowance for actual and necessary traveling
9 and subsistence expenses, while attending meetings of the
10 committee or otherwise serving at the request of the Board.

11 “CAPITAL STOCK

12 “SEC. 705. (a) The Corporation may issue capital stock
13 from time to time which shall be subscribed for by the
14 Secretary of the Treasury on behalf of the United States,
15 and payments for such subscriptions shall be subject to call
16 in whole or in part by the Corporation: *Provided*, That
17 the total amount of such stock subscribed for and held by the
18 Secretary of the Treasury at any time shall not exceed
19 \$100,000,000. Stock held by the Secretary of the Treas-
20 ury shall be entitled to cumulative dividends for each year
21 equal to a return on the average amount, at par, of such
22 stock outstanding during such fiscal year at a rate determined
23 by the Secretary of the Treasury, taking into consideration
24 the current average interest rate on outstanding marketable
25 obligations of the United States as of the last day of the sixth

1 month of such fiscal year. The Corporation shall issue to the
2 Secretary of the Treasury receipts for payments by him for or
3 on account of such stock, and such receipts shall be evidence
4 of the stock ownership of the United States. There are
5 hereby authorized to be appropriated, out of any money in
6 the Treasury not otherwise appropriated, the amounts neces-
7 sary to enable the Secretary of the Treasury to make pay-
8 ments on such stock when called. Such stock or any part
9 thereof may be retired at any time by the Corporation.

10 “(b) The assets of the Corporation, upon any liquida-
11 tion, shall be used to retire all outstanding stock at par, to
12 pay any accrued dividends, and to retire, pay, or settle all
13 outstanding obligations. Any residue shall be covered into
14 the Treasury as miscellaneous receipts.

15 “MORTGAGE LOANS

16 “SEC. 706. (a) To assist the production of housing of
17 sound standards of design, construction, livability, and size
18 for adequate family life available for families of moderate in-
19 come, and for elderly persons, the Corporation, upon appli-
20 cation of an eligible borrower (as defined in section 710 (b))
21 and subject to the terms and conditions of this title, may make
22 a mortgage loan (including advances during the development
23 of the housing project) to such borrower, or enter into com-
24 mitments to purchase or repurchase loans to finance the de-

1 velopment of a housing project to be undertaken by such bor-
2 rower. No such loan shall be made unless—

3 “(1) The Corporation shall have determined that—

4 “(A) the borrower is an eligible borrower of
5 the character described in section 710 (b) hereof
6 and that, in the case of a nonprofit cooperative own-
7 ership housing corporation, the membership thereof
8 is comprised predominantly of families of moderate
9 income, or elderly persons (or both) or that, in the
10 case of a borrower other than a nonprofit coopera-
11 tive ownership housing corporation, the dwellings
12 in such housing project are to be made available
13 to families of moderate income or elderly persons;

14 “(B) the proposed housing project will meet a
15 need for housing of families of moderate income or
16 elderly persons;

17 “(C) the location and physical planning of the
18 housing project will afford reasonable assurance as
19 to the stability of the neighborhood, and the dwell-
20 ings in the housing project will meet sound stand-
21 ards of design, construction, livability, and size for
22 adequate family life or for elderly persons; and

23 “(D) the housing project will not be of elab-
24 orate or extravagant design or construction, and

1 such design and construction and the proposed
2 methods of construction and of operation and main-
3 tenance are such as will promote such economies as
4 are contemplated to be achieved through the non-
5 profit character of the borrower, increased efficiency
6 in production through the use of new or improved
7 materials and techniques and methods of construc-
8 tion or otherwise, increased efficiency in operation
9 and management, minimum necessary operating
10 services, occupant maintenance, or otherwise; and

11 “(2) the borrower shall have agreed with the Cor-
12 poration—

13 “(A) not to incur or pay any excessive fees,
14 salaries, or charges in connection with the housing
15 project;

16 “(B) to establish an initial schedule of rents or
17 charges for the dwellings in the housing project
18 which will permit such dwellings to be made avail-
19 able for families of moderate income, or for elderly
20 persons, and such initial schedule of rents or
21 charges and all revisions thereof shall be subject to
22 the prior approval of the Corporation: *Provided*,
23 That the Corporation shall not approve any initial
24 schedule of rents or charges unless the Board has

1 certified (i) that such rents or charges will permit
2 the dwellings to be made available for families of
3 moderate income or for elderly persons, and (ii)
4 that such schedule is consistent, insofar as appli-
5 cable, with the requirements of paragraph (2) (E)
6 of this section, and reflects any savings derived
7 by the borrower under any tax exemption which
8 may have been obtained by such borrower in ac-
9 cordance with the proviso to section 712 of this
10 title;

11 “(C) to give preference in the selection of
12 tenants for the housing project (as among eligible
13 applicants) first, to families displaced by public
14 clearance or enforcement action; second, to families
15 living in substandard homes; and, third, to families
16 living in overcrowded homes, veterans to have pref-
17 erence in each category: *Provided*, That in respect
18 to dwelling units specifically designed and desig-
19 nated for elderly persons, such persons shall have a
20 preference for the tenancy of such housing, without
21 regard to the foregoing preferences;

22 “(B) to maintain the housing project, including
23 all equipment therein, and all appurtenances there-
24 to, in good condition throughout the life of the mort-

1 gage loan, and to establish and maintain adequate
2 reserves for repairs, maintenance, and replacements
3 necessary to so maintain such housing project;

4 “(E) to pay dividends, if the borrower is a
5 corporation of the character described in clause (2)
6 (i) of section 710 (b) of this title, at a rate which
7 is not in excess of 6 per centum per annum: *Pro-*
8 *vided*, That if in any year the Corporation is unable
9 to pay dividends at the rate agreed to hereunder,
10 dividends may be paid out of surplus earned in any
11 subsequent year at a rate in excess of that agreed
12 to but only to the extent necessary to give stock-
13 holders a return on their investment (not including
14 any allowance for interest) equal to that which they
15 would have received if dividends had been paid con-
16 secutively at the approved rate; and

17 “(F) to comply with such other terms and con-
18 ditions as the Corporation finds, prior to the mort-
19 gage loan, are necessary or desirable to carry out
20 the purposes of this title; and

21 “(3) in the case of a cooperative ownership housing
22 corporation, the members at the time of making applica-
23 tion for the mortgage loan are equal to at least 30
24 per centum of the number of members proposed to be
25 served by such housing project: *Provided*, That, prior

1 to the receipt of any proceeds of such mortgage loan,
2 the members of such cooperative borrower shall be equal
3 to at least 80 per centum of the number of members
4 proposed to be served by such housing project.

5 “(b) The mortgage loan shall involve a principal
6 obligation in an amount (1) not exceeding 90 per centum
7 of the development cost (as defined in section 710 (e)) of the
8 housing project as determined by the Corporation, and (2)
9 not exceeding 90 per centum of such amount as the Corpora-
10 tion shall have determined to be the maximum within which
11 the project must be constructed in order that it may be
12 made available for families of moderate income at rentals
13 or charges within their means. No loan shall be made
14 unless the mortgagor has agreed to certify the cost in the
15 manner provided by section 227 of the National Housing
16 Act for Federal Housing Administration mortgage insurance.

17 “(c) (1) If a mortgage loan made under this title to any
18 eligible borrower involves a principal obligation which is
19 less than that authorized under subsection (b) of this sec-
20 tion, and the borrower proposes to raise additional funds
21 through sources other than the Corporation to be secured
22 through insured or guaranteed mortgages, debentures, bonds,
23 or otherwise, the total mortgage loan and such other borrow-
24 ing shall not exceed in the aggregate the maximum principal

1 obligation authorized under subsection (b), and the rights
2 of the Corporation under any such mortgage loan shall not
3 be subordinate to the rights of any other creditor supplying
4 such additional funds. The provisions of this title shall apply
5 to any project financed in whole or in part by the Corpo-
6 ration.

7 “(2) A mortgage loan may be made under the pro-
8 visions of this title to an eligible borrower involving a princi-
9 pal obligation which is less than that authorized under sub-
10 section (b) of this section, to represent part of the obligation
11 secured by a single mortgage with equal priorities, when the
12 remainder of the funds obligated under such single mortgage
13 are secured from State or local government funds, and the
14 total mortgage loan and any other borrowing under the pro-
15 visions of paragraph (1) of this subsection does not exceed
16 in the aggregate the maximum principal obligation author-
17 ized under subsection (b) of this section.

18 “(d) The mortgage loan shall provide for complete
19 amortization within a period of fifty years by periodic pay-
20 ments upon such terms, including a program providing for
21 level payments of principal and interest, as the Corpora-
22 tion shall prescribe, and shall bear interest, on the amount of
23 the principal obligation of such mortgage loan outstanding
24 at any time, at a fixed rate, based on the cost of the Cor-
25 poration of capital investment and borrowings from the pri-

1 vate market, plus one-half of 1 per centum to compensate the
2 Corporation for its estimated overhead and administrative ex-
3 penses in connection with such loan and for proportionate
4 payments to required reserves. In the event of the re-
5 financing of the loan (within such period as the Corporation
6 shall prescribe), is the cost to the Corporation of capital in-
7 vestment and borrowings from the private market makes
8 necessary an increase in the rate of interest which, pursuant
9 to this subsection, the Corporation is required to charge on
10 the mortgage loan, the amortization period may be extended
11 to a date not later than sixty years after the date of the
12 original mortgage: *Provided*, That no such extension shall
13 be made unless the Corporation determines that the increase
14 otherwise resulting in the rents or charges for the dwellings
15 in the housing project would adversely affect the stability
16 of such housing project. The mortgage loan may, in the dis-
17 cretion of the Corporation, include provision for the defer-
18 ment of payments of principal and interest thereunder: *Pro-*
19 *vided further*, That such deferments shall not in the aggregate
20 result in an extension of the maturity of the mortgage for a
21 period of more than three years nor shall any such deferments
22 result in an extension of the maturity of the mortgage for
23 more than three years beyond the mortgage maturity other-
24 wise authorized herein.

25 “(e) Subject to the provisions of this section, the mort-

1 gage loan shall be in such form, contain such provision as
2 to security, repayment, and redemption, and be subject to
3 such other terms and conditions as the Corporation may
4 determine: *Provided*, That in the case of a borrower of
5 the character described in section 710(b) (1), the mort-
6 gage loan shall contain provisions requiring that such bor-
7 rower have, to the extent permitted by State and local law,
8 a priority for the purchase of the interest of each of its
9 members in the dwelling of such member in the event of
10 sale of such interest.

11 “(f) The borrower may, with the consent of the Corpo-
12 ration, pledge the contract or commitment of the Corpora-
13 tion to make a mortgage loan hereunder as security for a
14 loan of construction funds from other sources.

15 “(g) The Corporation may charge to the borrower (in
16 addition to any interest charges) an amount not exceeding
17 one-half of 1 per centum of the principal amount of the mort-
18 gage loan for inspection and other services during the con-
19 struction of any housing project. The Corporation may also
20 charge to an applicant for a mortgage loan under this title
21 a reasonable fee for the cost of processing applications, which
22 shall be payable by the applicant whether or not such appli-
23 cation is approved. If the borrower proposes to raise addi-
24 tional funds through sources other than the Corporation to be
25 secured through insured or guaranteed mortgages, debentures,

1 bonds, or otherwise, the inspection charge herein authorized
2 shall be computed on the total amount borrowed from the
3 Corporation and such other sources for the construction of
4 such project. Such service charges may be included as a part
5 of the development cost of the project and may be payable
6 from the proceeds of any mortgage loan or advances thereon.

7 “(h) (1) Each recipient of a mortgage loan under this
8 section shall keep such records as the Corporation shall pre-
9 scribe, including records which fully disclose the amount and
10 disposition by such recipient of the proceeds of such mortgage
11 loan, the total cost of the housing project in connection with
12 which such loan is made, and the amount and nature of that
13 portion of the cost of the project or undertaking supplied by
14 other sources, and such other records as will facilitate an effec-
15 tive audit.

16 “(2) The Corporation and the Comptroller General of
17 the United States, or any of their duly authorized representa-
18 tives, shall have access for the purpose of audit and examina-
19 tion to any books, documents, papers and records of the
20 eligible borrowers that are pertinent to mortgage loans
21 received under this section.

22 “(i) In any State where a State or local agency has been
23 created pursuant to State law to supervise the operation of a
24 housing program found by the Corporation to be substantially

1 similar to the provisions of this title, the Corporation may
2 provide by agreement with such agency for the supervision
3 and administration by such agency of the mortgage loans
4 made under the provisions of this section, in order to prevent
5 duplication of functions, and to achieve administrative econ-
6 omies and coordination between the program established
7 under this title and any State or local programs to deal with
8 the needs of middle income families and aged persons.

9 “(j) If a local agency has been designated pursuant to
10 the provisions of subsection (i) of this section, mortgage
11 loans under this section shall be limited to borrowers organ-
12 ized or approved with the consent of the local agency pursu-
13 ant to the provisions of applicable State law.

14 “(k) After the expiration of twenty years from the date
15 of the original mortgage loan under the provisions of this
16 section, a borrower may relieve itself of further supervisions
17 by the Corporation or any agency designated under the pro-
18 visions of subsection (i) of this section, upon repayment of
19 the mortgage loan and of such portion of the value of tax
20 abatement as may have been granted it by State or local
21 government and to which such government does not at such
22 time waive the rights of repayment.

23 “OBLIGATIONS OF CORPORATION

24 “SEC. 707. (a) The Corporation is authorized to issue
25 and have outstanding on and after July 1, 1961, notes or

1 other obligations in an aggregate annual amount not to exceed
2 \$500,000,000 except that with the approval of the Presi-
3 dent such aggregate annual amount may be increased at any
4 time or times on or after July 1, 1962, by additional amounts
5 aggregating not more than \$1,500,000,000 upon a deter-
6 mination by the President, taking into account the general
7 effect of any such increase upon conditions in the building
8 industry and upon the national economy, that such increase
9 is in the public interest: *Provided*, That the aggregate
10 amount outstanding at any one time shall not exceed the
11 unpaid principal of mortgage loans contracted for or held by
12 it under this title (without regard to amounts of prior ad-
13 vances on such loans), plus the value (as determined by the
14 Corporation) of any acquired properties, the amount of its
15 cash on hand and on deposit, and the amount of its invest-
16 ments authorized herein: *Provided further*, That the interest
17 on obligations issued by the Corporation under this section
18 shall not exceed a rate of 4 per centum per annum.

19 “(b) The failure of the Corporation to make any pay-
20 ment due under or provided to be paid by the terms of any
21 note or other obligation issued by the Corporation pursuant
22 to subsection (a) of this section shall be considered a default
23 under such note or other obligation, and, if such default
24 continues for a period of thirty days, the holder of such note
25 or obligation shall be entitled to receive debentures (in prin-

1 cipal amount equal to the unpaid principal of the defaulted
2 note or other obligation of the Corporation plus any interest
3 due and unpaid on such note or other obligation) , as herein-
4 after provided, upon assignment, transfer, and delivery to
5 the Corporation, within a period and in accordance with
6 rules and regulations to be prescribed by the Corporation,
7 of the note or other obligation in default. Debentures issued
8 under this subsection shall be executed in the name of the
9 Corporation as obligor, shall be signed by the Chairman of
10 the Board by either his written or engraved signature, and
11 shall be negotiable. Such debentures shall bear interest at
12 a rate determined by the Corporation, with the approval of
13 the Secretary of the Treasury, at the time the defaulted note
14 or other obligation of the Corporation was issued, but not
15 to exceed the rate of interest applicable to the defaulted note
16 or other obligation, or the going Federal rate, whichever is
17 the lower, payable semiannually on the 1st day of January
18 and on the 1st day of July of each year, and shall mature
19 three years after the 1st day of July following the maturity
20 date of the defaulted note or other obligation of the Corpo-
21 ration in exchange for which such debentures were issued.
22 Such debentures shall be paid out of the Insurance Fund
23 or out of any funds of the Corporation which shall be pri-
24 marily liable therefor, and shall be fully and unconditionally
25 guaranteed as to principal and interest by the United States,

1 and such guaranty shall be expressed on the face of the de-
2 benture. In the event the Corporation fails to pay upon
3 demand when due, the principal of, or interest on, any
4 debenture so guaranteed, the Secretary of the Treasury
5 shall pay to the holder or holders the amount thereof which
6 is hereby authorized to be appropriated, out of any money
7 in the Treasury not otherwise appropriated, and thereupon,
8 to the extent of the amount so paid, the Secretary of the
9 Treasury shall succeed to all the rights of the holder or
10 holders of such debentures. Debentures issued under this
11 subsection (b) shall be in such form and denominations in
12 multiples of \$50, shall be subject to such terms and con-
13 ditions, and shall include such provisions for redemption, if
14 any, as may be prescribed by the Corporation, with the
15 approval of the Secretary of the Treasury, and may be in
16 coupon or registered form, and shall not be subject to the
17 limitations prescribed by subsection (a) of this section. Any
18 difference between the amount of debentures to which the
19 holder of the defaulted note or other obligation of the Cor-
20 poration is entitled under this subsection (b) and the aggre-
21 gate principal amount of the debentures issued, not to exceed
22 \$50, shall be adjusted by the payment of cash by the Cor-
23 poration. The Corporation may, with the approval of the
24 Secretary of the Treasury, purchase in the open market

1 debentures issued under the provisions of this subsection
2 (b). Such purchases shall be made at a price which will
3 provide an investment yield of not less than the yield obtain-
4 able from other investments authorized by this title. De-
5 bentures so purchased shall be canceled and not reissued.

6 “RESERVES, DIVIDENDS, AND INVESTMENT OF FUNDS

7 “SEC. 708. The Corporation shall carry to a specific re-
8 serve account for losses, to be known as the Insurance Fund,
9 semiannually from interest receipts on mortgage loans
10 amounts equal to one-fourth of 1 per centum per annum of
11 the then outstanding balance of such mortgage loans. The
12 Corporation shall make such chargeoffs on account of de-
13 preciation or impairment of its assets as the Board shall
14 require from time to time. In addition to the Insurance
15 Fund reserve account for losses, the Board shall require the
16 establishment and maintenance of, and the Corporation shall
17 establish and maintain, such reserve or reserves as it deems
18 necessary. Such reserves, including the Insurance Fund,
19 and all other funds of the Corporation not invested in mort-
20 gage loans or operating facilities, shall be kept in cash or
21 on deposit or invested in bonds or other obligations of, or
22 guaranteed as to principal and interest by, the United States.

23 “PRIORITY ACCORDED TO APPLICATIONS

24 “SEC. 709. In the processing of applications for financial
25 assistance under this title the Corporation shall give priority

1 to applications with respect to projects which will receive
2 assistance from a State or local government in one or more
3 of the ways specified in section 701 (b) of this title.

4 “DEFINITIONS

5 “SEC. 710. As used in this title, the following terms shall
6 have the meanings, respectively, ascribed to them below, and
7 unless the context clearly indicates otherwise, shall include
8 the plural as well as the singular number:

9 “(a) ‘Families of moderate income’ means families, or
10 individuals, whose incomes preclude them from purchasing
11 or renting conventionally financed new housing with total
12 monthly housing expenditures of 20 per centum of their
13 normal stable income as defined by the Federal Housing
14 Administration.

15 “(b) ‘Eligible borrower’ or ‘borrower’ shall mean (1)
16 any private or public nonprofit organization (including but
17 not limited to cooperative ownership housing corporations),
18 or (2) any private corporation, borrowing directly on a
19 commitment from the Corporation and authorized to provide
20 dwellings (i) the occupancy of which is to be permitted in
21 consideration of agreed charges, or (ii) for sale, at cost plus
22 an amount representing profit not exceeding 6 per centum
23 (as certified in the manner prescribed in section 227 of the
24 National Housing Act), to an organization of the character
25 described in clause (1) of this paragraph.

1 “(c) The term ‘corporation’ (except when used to des-
2 ignate the Corporation created by section 703 hereof) shall
3 mean either ‘corporation’ or ‘trust’ and references to mem-
4 bers of such corporations shall with respect to trusts mean
5 the beneficiaries thereof.

6 “(d) ‘Housing project’ shall mean a project (includ-
7 ing all property, real and personal, contracts, rights, and
8 chooses in action acquired, owned, or held by a borrower in
9 connection therewith) of a borrower designed and used pri-
10 marily for the purpose of providing dwelling: *Provided*,
11 That nothing in this title shall be construed as prohibiting
12 the inclusion in a housing project of such stores, offices, or
13 other commercial facilities, recreational or community facil-
14 ities, or other nondwelling facilities as are necessary appur-
15 tenances to such housing project.

16 “(e) ‘Development cost’ shall mean (1) the amount
17 of the reasonable costs incurred by the borrower in, and nec-
18 essary for, carrying out all works and undertakings for the
19 development of a housing project and shall include the cost
20 of all necessary surveys, plans and specifications, archi-
21 tectural, engineering, or other special services, land acqui-
22 sition, site preparation, construction and equipment, interest
23 incurred during the development of the housing project up
24 to the time of completion, initial working capital for the
25 administration of the housing project, necessary expenses

1 (including any initial operating deficit) in connection with
2 the initial occupancy of the housing project, and the cost
3 of such other items as the Corporation shall determine to
4 be necessary for the development of the housing project,
5 less net rents and other net income received from the housing
6 project prior to the time of its completion, as determined by
7 the Corporation, or (2) the cost, as approved by the Cor-
8 poration, incurred by the borrower in, and necessary for the
9 acquisition of, a housing project developed with a loan made
10 under this title. For the purposes of this subsection, the
11 Corporation shall consider, in determining the reasonable cost
12 of land acquisition, the effect of local assistance for assem-
13 bling and clearing the site and securing title thereto as pro-
14 vided in section 701 (b) of this title.

15 “(f) ‘Mortgage’ or ‘mortgage loan’ shall mean a first
16 mortgage on real estate, in fee simple, or on a leasehold (1)
17 under a lease for not less than ninety-nine years which is
18 renewable or (2) under a lease having a period of not less
19 than seventy-five years to run from the date the mortgage
20 was executed; and the term ‘first mortgage’ shall mean such
21 classes of first liens as are commonly given to secure ad-
22 vances on, or the unpaid purchase price of, real estate, under
23 the laws of the State in which the real estate is located, to-
24 gether with the credit instruments, if any, secured thereby.

25 “(g) The term ‘veteran’ shall mean a person who has

1 served in the active military or naval service of the United
2 States at any time (i) on or after September 16, 1940,
3 and prior to July 26, 1947, (ii) on or after April 6, 1917,
4 and prior to November 11, 1918, or (iii) on or after June
5 27, 1950, and prior to February 1, 1955, and who shall
6 have been discharged or released therefrom under conditions
7 other than dishonorable.

8 “(h) The term ‘going Federal rate’ shall mean the an-
9 nual rate of interest (or, if there shall be two or more such
10 rates of interest, the highest thereof) specified in the most
11 recently issued bonds of the Federal Government having a
12 maturity of ten years or more.

13 “(i) ‘State’ shall mean the several States, the District
14 of Columbia, the Commonwealth of Puerto Rico, and the
15 territories, dependencies, and possessions of the United
16 States.

17 “(j) The term ‘elderly persons’ means a person sixty
18 years of age or over or a family the head of which or his
19 spouse is sixty years of age or over.

20 “AMENDMENTS OF OTHER ACTS

21 “SEC. 711. (a) The sixth sentence of paragraph Seventh
22 of section 5136 of the Revised Statutes, as amended (12
23 U.S.C. 24), is amended by inserting before the comma
24 after the words ‘or obligations of the Federal National
25 Mortgage Association’ the following: ‘, or notes, de-

1 bentures, or other obligations of the Federal Limited Profit
2 Mortgage Corporation’.

3 “(b) Section 5200 of the Revised Statutes, as amended
4 (12 U.S.C. 84), is amended by adding at the end thereof
5 the following:

6 ““(14) Notes, obligations, and debentures of the Fed-
7 eral Limited Profit Mortgage Corporation shall not be sub-
8 ject to any limitation based upon such capital and surplus.’

9 “(c) Section 101 of the Government Corporation Con-
10 trol Act (31 U.S.C. 846) is hereby amended by striking
11 out the period at the end of the section and inserting in lieu
12 thereof a semicolon and the following: ‘Federal Limited
13 Profit Mortgage Corporation.’

14 “TAXATION OF PROPERTY

15 “SEC. 712. All real property and tangible personal prop-
16 erty of the Corporation shall be subject to State, county,
17 municipal, or local taxation to the same extent according to
18 its value as other similar property is taxed, and any real
19 property shall be subject to special assessments for local
20 improvements: *Provided*, That nothing contained herein
21 shall be construed to prohibit any eligible borrower from con-
22 tracting with any State, or political subdivision thereof, for
23 the purpose of obtaining a complete or partial exemption
24 from any taxation or assessments otherwise authorized by
25 this section. Except as to such taxation of real property

1 and tangible personal property, the Corporation, including
2 but not limited to its franchise, capital, reserves, surplus,
3 income, assets, and other property, shall be exempt from all
4 taxation now or hereafter imposed by the United States or
5 by any State, county, municipality, or local taxing authority.

6 All notes, debentures, and other obligations of the Corpora-
7 tion shall be exempt, both as to principal and interest, from
8 all taxation imposed by the United States, or any State,
9 county, municipality, or local taxing authority.

10 "PROTECTION OF LABOR STANDARDS

11 "SEC. 713. In order to protect labor standards—

12 "(a) any contract for a loan pursuant to this title
13 shall contain a provision requiring: (1) that not less
14 than the salaries prevailing in the locality, as determined
15 or adopted (subsequent to a determination under appli-
16 cable State or local law) by the Corporation, shall
17 be paid to all architects, technical engineers, draftsmen,
18 and technicians employed in the development, and to all
19 maintenance laborers and mechanics employed in the
20 administration, of the housing project involved; (2) that
21 not less than the wages prevailing in the locality, as
22 predetermined by the Secretary of Labor pursuant to
23 the Act of March 3, 1931 (Davis-Bacon Act), as
24 amended, shall be paid to all laborers and mechanics
25 employed in the development of the housing project in-

1 volved; and (3) that certifications as to compliance with
2 the provisions of this subsection be made prior to the
3 making of any payment under such contract;

4 “(b) the provisions of section 874 of title 18, United
5 States Code, and of section 2 of the Act of June 13,
6 1934, as amended (40 U.S.C. 276c), shall apply to
7 any housing project financed in whole or in part with
8 funds made available pursuant to this title;

9 “(c) any contractor engaged on any housing project
10 financed in whole or in part with funds made available
11 pursuant to this title shall report monthly to the Secre-
12 tary of Labor, and shall cause all subcontractors to re-
13 port in like manner, within five days after the close of
14 each month and on forms to be furnished by the United
15 States Department of Labor, as to the number of per-
16 sons on their respective payrolls on the particular hous-
17 ing project, the aggregate amount of such payrolls, the
18 total man-hours worked, and itemized expenditures for
19 materials. Any such contractor shall furnish to the De-
20 partment of Labor the names and addresses of all sub-
21 contractors on the work at the earliest date practicable.

22 “PENALTIES

23 “SEC. 714. (a) Any person who induces or influences a
24 borrower hereunder to purchase or acquire property or to
25 enter into any contract, in connection with any housing proj-

1 ect to be financed, in whole or in part, with a loan made
2 under this title, and willfully fails to disclose any interest,
3 legal or equitable, which he has in such property or such
4 contract, or any special benefit which he expects to receive
5 as a result of such contract, shall be fined not more than
6 \$5,000, or imprisoned for not more than one year, or both.

7 “(b) No individual, association, partnership, or corpora-
8 tion (except the Corporation established under this title)
9 shall hereafter use the words ‘Federal limited profit mort-
10 gage corporation’, or any combination of words which
11 might reasonably lead to confuse with the Federal Limited
12 Profit Mortgage Corporation as the name or a part thereof
13 under which he or it shall do business. Any such use shall
14 constitute a misdemeanor and shall be punishable by a fine
15 not exceeding \$1,000.

16 “(c) Whoever, for the purpose of obtaining any loan
17 under this title, or any extension or renewal thereof or the
18 acceptance, release, or substitution of security therefor, or
19 for the purpose of influencing in any way the action of the
20 Corporation under this title, makes any statement, knowing
21 it to be false, shall be punished by a fine of not more than
22 \$5,000, or by imprisonment for not more than one year, or
23 both.

24 “(d) Whoever (1) falsely makes, forges, or counter-
25 feits any obligation, in imitation of or purporting to be an

1 obligation issued by the Corporation, or (2) passes, utters,
2 or publishes, or attempts to pass, utter, or publish, any
3 false, forged, or counterfeited obligations purporting to have
4 been issued by the Corporation, knowing the same to be
5 false, forged, or counterfeited, or (3) falsely alters any
6 obligation issued or purporting to have been issued by the
7 Corporation, or (4) passes, utters, or publishes, or attempts
8 to pass, utter, or publish, as true, any falsely altered or
9 spurious obligation issued or purporting to have been issued
10 by the Corporation, knowing the same to be falsely altered
11 or spurious, shall be punished by a fine of not more than
12 \$10,000, or by imprisonment for not more than five years
13 or both.

14 “(e) Whoever, being connected in any capacity with the
15 Corporation, (1) embezzles, abstracts, purloins, or willfully
16 misapplies any moneys, funds, securities, or other things of
17 value, whether belonging to it or pledged, or otherwise en-
18 trusted to it, or (2) with intent to defraud the Corporation
19 or any other body, politic or corporate; or any individual,
20 or to deceive any officer, auditor, or examiner of the Cor-
21 poration, makes a false entry in any book, report, or state-
22 ment of or to the Corporation, or without being duly author-
23 ized draws any order or issues, puts forth, or assigns any
24 note, debenture, bond, or other such obligation, or draft, bill
25 of exchange, mortgage, judgment, or decree thereof, shall

1 be punished by a fine of not more than \$10,000, or by
2 imprisonment for not more than five years, or both.

3 “(f) All general criminal and penal statutes of the
4 United States relating to public moneys, property, or em-
5 ployees of the United States shall apply to public moneys,
6 property, and employees of the Corporation. No officer or
7 employee of the Corporation shall participate in any manner
8 affecting his personal interests or the interests of any corpora-
9 tion, partnership, or association in which he is directly or
10 indirectly interested.

11 “SHORT TITLE

12 “SEC. 715. This title may be cited as the ‘Federal
13 Limited Profit Mortgage Corporation Act’.”

14 On page 83, line 3, strike out “VII” and insert in lieu
15 thereof “VIII”.

16 On page 83, line 5, strike out “701” and insert in lieu
17 thereof “801”.

18 On page 83, line 14, strike out “702” and insert in lieu
19 thereof “802”.

20 On page 83, line 22, strike out “703” and insert in lieu
21 thereof “803”.

22 On page 84, line 4, strike out “704” and insert in lieu
23 thereof “804”.

24 On page 84, line 8, strike out “705” and insert in lieu
25 thereof “805”.

1 On page 84, line 12, strike out "706" and insert in lieu
2 thereof "806".

3 On page 88, line 19, strike out "707" and insert in lieu
4 thereof "807".

AMENDMENTS

Intended to be proposed by Mr. JAVITS (for himself and Mr. BUSH) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

MAY 23, 1961

Ordered to lie on the table and to be printed

87TH CONGRESS
1ST SESSION

S. 1922

IN THE SENATE OF THE UNITED STATES

JUNE 1, 1961

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. CAPEHART (for himself and Mr. BENNETT) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, viz:

- 1 On page 45, line 8, strike out "\$4,500,000,000" and
- 2 insert in lieu thereof "\$3,800,000,000".

AMENDMENT

Intended to be proposed by Mr. CARPENTER (for himself and Mr. BENNETT) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

JUNE 1, 1961

Ordered to lie on the table and to be printed

S. 1922

IN THE SENATE OF THE UNITED STATES

JUNE 1, 1961

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. CAPEHART (for himself and Mr. BENNETT) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, viz:

- 1 On page 15, line 8, strike out "\$10,000" and insert in
- 2 lieu thereof "\$7,000".
- 3 On page 15, line 24, strike out "twenty-five" and insert
- 4 in lieu thereof "fifteen".

AMENDMENTS

Intended to be proposed by Mr. CAPENART (for himself and Mr. BENNETT) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

JUNE 1, 1961

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S. 1922

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JUNE 1, 1961

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AMENDMENT

Intended to be proposed by Mr. CAPEHART (for himself and Mr. BENNETT) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, viz: On page 2, line 6, strike out the quotation marks and the semicolon and insert in lieu thereof the following:

- 1 For the purposes of this section, a family shall be deemed
- 2 to be a 'low or moderate income family' if the normal stable
- 3 monthly income of such family does not exceed (1) an
- 4 amount equal to five times the monthly payments to be made
- 5 by such family for the rental of a dwelling unit in a property
- 6 or project assisted under this section, or (2) an amount equal
- 7 to five times the monthly amortization payments (including

- 1 principal, interest, and insurance) to be assumed by such
2 family under a mortgage insured under this section”;

Calendar No. 252

87TH CONGRESS
1ST SESSION

S. 1922

AMENDMENT

Intended to be proposed by Mr. CAPENART (for himself and Mr. BENNETT) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

JUNE 1, 1961

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S. 1922

IN THE SENATE OF THE UNITED STATES

JUNE 1, 1961

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AMENDMENTS

Intended to be proposed by Mr. CAPEHART (for himself and Mr. BENNETT) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, viz:

1 On page 8, line 13, strike out "interest" and insert in
2 lieu thereof "an interest rate".

3 On page 8, line 15, after the parenthesis insert the fol-
4 lowing: " , uniformly established by the Commissioner for
5 all classes of borrowers,".

6 On page 8, strike out line 21 and insert in lieu thereof
7 the following: "of 1 per centum, and adding one-half of 1
8 per centum per annum";".

AMENDMENTS

Intended to be proposed by Mr. CARENHART (for himself and Mr. BENNETT) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

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S. 1922

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JUNE 1, 1961

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AMENDMENTS

Intended to be proposed by Mr. CAPEHART (for himself and Mr. BENNETT) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, viz:

1 On page 42, between lines 19 and 20, insert the fol-
2 lowing:

3 “LOCAL RESPONSIBILITIES

4 “SEC. 301. Section 101 (c) of the Housing Act of 1949
5 is amended by—

6 “(1) striking out ‘unless (1)’ and inserting in lieu
7 thereof the following: ‘unless (1) the locality with re-
8 spect to which an application for assistance under this
9 title is made has had in effect for at least one year prior

1 to the filing of such application a minimum standards
2 housing code deemed adequate by the Administrator and
3 which he determines has been satisfactorily enforced
4 from the time of its adoption or for at least one year
5 prior to the filing of such application, whichever is the
6 lesser, (2)'; and

7 “(2) striking out ‘and (2)’ and inserting in lieu
8 thereof ‘and (3)’.”

9 On page 42, line 21, strike out “301” and insert
10 “302”.

11 On page 44, line 5, strike out “302” and insert “303”.

12 On page 45, line 4, strike out “303” and insert “304”.

13 On page 45, line 23, strike out “304” and insert “305”.

14 On page 47, line 12, strike out “305” and insert “306”.

15 On page 48, line 10, strike out “306” and insert “307”.

16 On page 48, line 15, strike out “307” and insert “308”.

17 On page 49, line 16, strike out “308” and insert “309”.

18 On page 50, line 9, strike out “309” and insert “310”.

19 On page 50, line 20, strike out “310” and insert “311”.

20 On page 54, line 5, strike out “311” and insert “312”.

21 On page 56, line 8, strike out “312” and insert “313”.

22 On page 58, line 2, strike out “313” and insert “314”.

- 1 On page 58, line 21, strike out "314" and insert "315".
- 2 On page 58, line 22, strike out "clause (1)" and insert
- 3 in lieu thereof "clause (2) (as redesignated by section
- 4 301)".

87TH CONGRESS
1ST SESSION

S. 1922

AMENDMENTS

Intended to be proposed by Mr. CARENANT (for himself and Mr. BENNETT) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

JUNE 1, 1961

Ordered to lie on the table and to be printed

S. 1922

IN THE SENATE OF THE UNITED STATES

JUNE 1, 1961

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AMENDMENTS

Intended to be proposed by Mr. CAPEHART (for himself and Mr. BENNETT) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, viz:

1 On page 3, lines 20 and 21, strike out "a public body
2 or agency,".

3 On page 8, strike out lines 10 through 21.

4 On page 8, line 22, strike out "(12)" and insert in lieu
5 thereof "(11)".

6 On page 9, beginning with line 6, strike out all through
7 the period in line 20.

8 On page 10, line 4, strike out "(13)" and insert in
9 lieu thereof "(12)".

1 On page 10, beginning with the colon in line 20, strike
2 out all through line 6, on page 11, and insert in lieu thereof
3 a period.

4 On page 12, line 3, strike out “(14)” and insert in lieu
5 thereof “(13)”.

6 On page 12, line 6, strike out “; and” and insert in lieu
7 thereof a period.

8 On page 12, strike out lines 7 through 9.

9 On page 12, beginning with line 24, strike out all through
10 line 10, on page 13.

87TH CONGRESS
1ST SESSION

S. 1922

AMENDMENTS

Intended to be proposed by Mr. CARENHART (for himself and Mr. BENNETT) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

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AMENDMENTS

Intended to be proposed by Mr. CAPEHART (for himself and Mr. BENNETT) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, viz:

1 On page 10, lines 14 and 15, strike out "any accrued
2 interest and".

3 On page 19, line 10, strike out "any accrued interest,".

4 On page 29, line 7, strike out "any accrued interest and".

5 On page 74, lines 13 and 14, strike out "any accrued
6 interest and".

AMENDMENTS

Intended to be proposed by Mr. CAPENART (for himself and Mr. BENNETT) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

JUNE 1, 1961

Ordered to lie on the table and to be printed

S. 1922

IN THE SENATE OF THE UNITED STATES

JUNE 1, 1961

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. CAPEHART (for himself and Mr. BENNETT) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, viz:

1 On page 3, beginning with line 18, strike out all through
2 line 16, on page 6.

3 On page 6, line 17, strike out "(8)" and insert in lieu
4 thereof "(6)".

5 On page 7, line 15, strike out "(9)" and insert in lieu
6 thereof "(7)".

7 On page 8, line 4, strike out "(10)" and insert in lieu
8 thereof "(8)".

9 On page 8, strike out lines 10 through 21.

1 On page 8, line 22, strike out “(12)” and insert in lieu
2 thereof “(9)”.

3 On page 9, beginning with line 6, strike out all through
4 the period in line 20.

5 On page 9, lines 21 and 22, strike out “subsection
6 (d) (2) or (d) (4) of”.

7 On page 10, line 4, strike out “(13)” and insert in lieu
8 thereof “(10)”.

9 On page 10, beginning with the colon in line 20, strike
10 out all through line 6, on page 11, and insert in lieu thereof
11 a period.

12 On page 12, line 3, strike out “(14)” and insert in lieu
13 thereof “(11)”.

14 On page 12, line 6, strike out “; and” and insert in lieu
15 thereof a period.

16 On page 12, strike out lines 7 through 9.

17 On page 12, beginning with line 24, strike out all
18 through line 10 on page 13.

19 On page 72, beginning with line 20, strike out all
20 through line 3 on page 73, and insert in lieu thereof the
21 following:

22 “(e) Section 212 of such Act is amended by striking
23 out in the second sentence of subsection (a) ‘any mortgage
24 under section 220’ and inserting in lieu thereof ‘any loan or
25 mortgage under section 220 or section 233’.”

AMENDMENTS

Intended to be proposed by Mr. CAPENHART (for himself and Mr. BENNETT) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

JUNE 1, 1961

Ordered to lie on the table and to be printed

S. 1922

IN THE SENATE OF THE UNITED STATES

JUNE 1, 1961

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. CAPEHART to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, viz:

1 On page 39, strike out lines 4 through 7, and insert in
2 lieu thereof the following:

3 “(1) inserting after ‘*Provided, That*’ in section
4 10 (i) the following: ‘the Authority may enter into new
5 contracts for loans and annual contributions after the
6 date of enactment of the Housing Act of 1961 for not
7 more than thirty-seven thousand additional units: *Pro-*
8 *vided further, That*’; and”.

87TH CONGRESS
1ST SESSION

S. 1922

AMENDMENT

Intended to be proposed by Mr. CARENANT to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

JUNE 1, 1961

Ordered to lie on the table and to be printed

S. 1922

IN THE SENATE OF THE UNITED STATES

JUNE 1, 1961

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. CLARK to the bill (S. 1922), to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, viz: On page 59, line , insert the following:

1 FELLOWSHIPS FOR CITY PLANNING AND URBAN STUDIES

2 SEC. 315. There is hereby authorized to be appropriated
3 not to exceed \$500,000 annually, for a three-year period
4 commencing on July 1, 1961, to be used by the Housing
5 and Home Finance Administrator for the purpose of pro-
6 viding fellowships for the graduate training of professional
7 city planning and urban and housing technicians and special-
8 ists as provided below. Persons shall be selected for such
9 fellowships solely on the basis of ability. Fellowships shall

1 be solely for training in public and private nonprofit insti-
2 tutions of higher education having programs of graduate
3 study in the field of city planning or in related fields (includ-
4 ing architecture, civil engineering, economics, municipal
5 finance, public administration, and sociology), which pro-
6 grams are oriented to training for careers in city and regional
7 planning, housing, urban renewal, and community develop-
8 ment. The Administrator shall, in the administration of this
9 section, consult with, and secure the advice of, the Depart-
10 ment of Health, Education, and Welfare.

87TH CONGRESS
1ST SESSION

S. 1922

AMENDMENT

Intended to be proposed by Mr. CLARK to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

JUNE 1, 1961

Ordered to lie on the table and to be printed

S. 1922

IN THE SENATE OF THE UNITED STATES

JUNE 1, 1961

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. CAPEHART (for himself and Mr. BENNETT) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, viz: On page 8, strike out lines 4 through 9, and insert in lieu thereof the following:

- 1 (10) striking out in subsection (d) (5) the words
- 2 “forty years from the date of insurance of the mortgage
- 3 or three-quarters of the Commissioner’s estimate of the
- 4 remaining economic life of the building improvements,
- 5 whichever is the lesser” and inserting in lieu thereof
- 6 the following: “thirty years from the date of insurance
- 7 of the mortgage or three-quarters of the Commissioner’s

1 estimate of the remaining economic life of the building
2 improvements, whichever is the lesser: *Provided*, That
3 any such mortgage may provide, under such regulations
4 as the Commissioner may prescribe, that (1) during the
5 first through the fifth year of the amortization period the
6 level total payments of principal and interest shall not
7 exceed an amount equal to the level total payments of
8 principal and interest on a mortgage in the same prin-
9 cipal amount having an amortization period of not to
10 exceed forty years, (2) during the sixth through the
11 tenth year of the amortization period the level total pay-
12 ments of principal and interest shall not exceed an
13 amount equal to the level total payments of principal
14 and interest on a mortgage in the same principal amount
15 having an amortization period of not to exceed thirty
16 years, and (3) during the balance of the amortization
17 period the level total payments of principal and interest
18 shall not exceed an amount equal to the level total pay-
19 ments of principal and interest on a mortgage in the
20 same principal amount having an amortization period of
21 not to exceed twenty years”;

AMENDMENT

Intended to be proposed by Mr. CAPENANT (for himself and Mr. BENNETT) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

JUNE 1, 1961

Ordered to lie on the table and to be printed

S. 1922

IN THE SENATE OF THE UNITED STATES

JUNE 1, 1961

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. CAPEHART (for himself and Mr. BENNETT) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, viz:

1 On page 64, beginning with line 22, strike out all
2 through line 13 on page 65.

3 Renumber succeeding sections in title V accordingly.

AMENDMENTS

Intended to be proposed by Mr. CAPENART (for himself and Mr. BENNETT) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

JUNE 1, 1961

Ordered to lie on the table and to be printed

S. 1922

IN THE SENATE OF THE UNITED STATES

JUNE 1, 1961

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. AIKEN to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, viz: On page 60, strike out line 12 and insert in lieu thereof the following:

- 1 (2) striking out “and public corporations, boards,
- 2 and commissions established under the laws of any
- 3 State,” and inserting in lieu thereof the following: “pub-
- 4 lic corporations, boards, and commissions established
- 5 under the laws of any State, and privately owned public
- 6 utilities and cooperatives providing water service to the
- 7 public at rates or charges which are subject to regula-
- 8 tion by a State regulatory body, (1)”; and

AMENDMENT

Intended to be proposed by Mr. Aiken to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

JUNE 1, 1961

Ordered to lie on the table and to be printed

87TH CONGRESS
1ST SESSION

S. 1922

IN THE SENATE OF THE UNITED STATES

JUNE 2, 1961

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. ROBERTSON to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, viz: On page 89, after line 14, insert the following:

1 SEC. 708. Section 814 of the Housing Act of 1954, as
2 amended, is amended to read as follows:

1 “RECORDS

2 “SEC. 814. Every contract between the Housing and
3 Home Finance Agency (or any official or constituent
4 thereof) and any person or local body (including any cor-
5 poration or public or private agency or body) for a loan,
6 advance, grant, or contribution under the United States
7 Housing Act of 1937, as amended, the Housing Act of

1 1949, as amended, or any other Act shall provide that such
2 person or local body shall keep such records as the Housing
3 and Home Finance Agency (or such official or constituent
4 thereof) shall from time to time prescribe, including records
5 which permit a speedy and effective audit and will fully
6 disclose the amount and the disposition by such person or
7 local body of the proceeds of the loan, advance, grant, or
8 contribution, or any supplement thereto, the capital cost of
9 any construction project for which any such loan, advance,
10 grant, or contribution is made, and the amount of any private
11 or other non-Federal funds used or grants-in-aid made for
12 or in connection with any such project. No mortgage
13 covering new or rehabilitated multifamily housing (as de-
14 fined in section 227 of the National Housing Act, as
15 amended) shall be insured unless the mortgagor certifies
16 that he will keep such records as are prescribed by the Fed-
17 eral Housing Commissioner at the time of the certification
18 and that they will be kept in such form as to permit a speedy
19 and effective audit. The Housing and Home Finance
20 Agency or any official or constituent agency thereof and
21 the Comptroller General of the United States shall have
22 access to and the right to examine and audit such records.
23 This section shall become effective on the first day after the
24 first full calendar month following the date of approval of
25 the Housing Act of 1961.”

87TH CONGRESS
1ST Session

S. 1922

AMENDMENT

Intended to be proposed by Mr. ROBERTSON to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

JUNE 2, 1961

Ordered to lie on the table and to be printed

Calendar No. 252

87TH CONGRESS
1ST SESSION

S. 1922

IN THE SENATE OF THE UNITED STATES

JUNE 2, 1961

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. BUSH to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, viz:

1 On page 6, lines 2 and 3, strike out "low and moderate
2 income families or".

3 On page 9, line 8, strike out "low and moderate income
4 families" and insert in lieu thereof "families displaced from
5 urban renewal areas or as a result of Government action".

6 On page 9, line 20, strike out "No" and insert in lieu
7 thereof the following: "No mortgage shall be insured under
8 subsection (d) (3) of this section unless it is a mortgage
9 covering property which the Commissioner finds will assist

1 in the provision of housing for families displaced from urban
2 renewal areas or as a result of governmental action, and
3 no”.

Calendar No. 252

87TH CONGRESS
1ST SESSION

S. 1922

AMENDMENTS

Intended to be proposed by Mr. Busby to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

JUNE 2, 1961

Ordered to lie on the table and to be printed

87TH CONGRESS
1ST SESSION

S. 1922

IN THE SENATE OF THE UNITED STATES

JUNE 6, 1961

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. FONG to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, viz:

1 On page 83, strike out the lines 5 through 8, and insert
2 in lieu thereof the following:

3 “SEC. 701. (a) Section 501 (b) of the Housing Act
4 of 1949 is amended by inserting ‘(1)’ immediately after
5 ‘(b)’ and by adding at the end thereof a new paragraph as
6 follows:

7 “(2) For the purposes of this title, the terms
8 “owner”, “farm”, and “mortgage” shall be deemed to in-
9 clude, respectively, the lessee of, the land included in, and

1 other security interest in, any leasehold interest which the
2 Secretary determines has an unexpired term (A) in the case
3 of a loan, for a period sufficiently beyond the repayment
4 period of the loan to provide adequate security and a reason-
5 able probability of accomplishing the objectives for which
6 the loan is made, and (B) in the case of a grant for a
7 period sufficient to accomplish the objectives for which
8 the grant is made.'

9 " (b) Section 502 (b) (1) of such Act is amended by
10 striking out 'and such additional security' and inserting in
11 lieu thereof the words 'or such other security'."

12 On page 83, line 9, strike out " (b) " and insert in lieu
13 thereof " (c) ".

14 On page 83, line 12, strike out " (c) " and insert in lieu
15 thereof " (d) ".

AMENDMENTS

Intended to be proposed by Mr. FONG to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

JUNE 6, 1961

Ordered to lie on the table and to be printed

S. 1922

IN THE SENATE OF THE UNITED STATES

JUNE 6, 1961

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. FULBRIGHT (for himself, Mr. ERVIN, and Mr. JORDAN) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, viz: On page 83, line 14, insert "(a)" after "SEC. 702." and after line 20 insert the following:

1 “(b) Section 5 (c) of the Home Owners’ Loan Act of
2 1933 (12 U.S.C. 1464) is amended by adding at the end
3 thereof the following new paragraph:

4 “‘Without regard to any other provision of this sub-
5 section, any such association whose general reserves, sur-
6 plus, and undivided profits aggregate a sum in excess of 5
7 per centum of its withdrawable accounts is authorized to

1 invest in, to lend to, or to commit itself to lend to any
2 business development credit corporation incorporated in the
3 State in which the head office of such association is situated,
4 in the same manner and to the same extent as the statutes
5 of such State authorize a savings and loan association or-
6 ganized under the laws of said State to invest in, to lend to,
7 or to commit itself to lend to such business development
8 credit corporation, but the aggregate amount of such invest-
9 ments, loans, and commitments of any such association out-
10 standing at any time shall not exceed one-half of 1 per cen-
11 tum of the total outstanding loans made by such association,
12 or \$250,000, whichever is lesser.' ”

87TH CONGRESS
1st Session

S. 1922

AMENDMENT

Intended to be proposed by Mr. FULBRIGHT (for himself, Mr. ERLIN, and Mr. JORDAN) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

JUNE 6, 1961

Ordered to lie on the table and to be printed

S. 1922

IN THE SENATE OF THE UNITED STATES

JUNE 6, 1961

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, viz:

1 On page 42, beginning with line 20, strike out all
2 through line 9 on page 43 and insert in lieu thereof the fol-
3 lowing:

4 “INCREASED FEDERAL AID FOR SMALL COMMUNITIES;

5 POOLING GRANTS-IN-AID BETWEEN PROJECTS

6 “SEC. 301. (a) Section 103 (a) of the Housing Act of
7 1949 is amended by inserting ‘(1)’ after ‘(a)’, by strik-
8 ing out the last two sentences, and by inserting at the end
9 thereof the following:

1 “(2) The aggregate of such capital grants with respect
 2 to all of the projects of a local public agency (or of two or
 3 more local public agencies in the same municipality) on
 4 which contracts for capital grants have been made under
 5 this title shall not exceed the total of—

6 “(A) two-thirds of the aggregate net project costs
 7 of all such projects to which neither subparagraph (B)
 8 nor subparagraph (C) applies, and

9 “(B) three-fourths of the aggregate net project
 10 costs of any of such projects which are located in a mu-
 11 nicipality having a population of fifty thousand or less
 12 (one hundred fifty thousand or less in the case of a mu-
 13 nicipality situated in an area which, at the time the
 14 contract or contracts involved are entered into or at
 15 such earlier time as the Administrator may specify in
 16 order to avoid hardship, is designated as a redevelopment
 17 area under section 5 (a) or 5 (b) of the Area Redevel-
 18 opment Act) according to the most recent decennial
 19 census, and

20 “(C) three-fourths of the aggregate net project
 21 costs of any of such projects (not falling within sub-
 22 paragraph (B)) which the Administrator, upon re-
 23 quest, may approve on a three-fourths capital grant
 24 basis.

25 “(3) A capital grant with respect to any individual

1 project shall not exceed the difference between the net
2 project cost and the local grants-in-aid actually made with
3 respect to the project.' ”

4 On page 43, beginning with line 22, strike out all
5 through line 2 on page 44 and insert in lieu thereof the
6 following:

7 “(c) The third and fourth sentences of section 110(e)
8 of such Act are each amended by striking out ‘pursuant to
9 the proviso in the second sentence of section 103(a)’ and
10 inserting in lieu thereof ‘pursuant to section 103(a) (2)
11 (C)’.”

AMENDMENTS

Intended to be proposed by Mr. HUMPHREY to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

JUNE 6, 1961

Ordered to lie on the table and to be printed

S. 1922

IN THE SENATE OF THE UNITED STATES

JUNE 7, 1961

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. LAUSCHE to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, viz:

- 1 On page 45, beginning with the colon in line 8, strike
- 2 out all through the word "prescribe" in line 21.

AMENDMENT

Intended to be proposed by Mr. LAUSCHE to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

JUNE 7, 1961

Ordered to lie on the table and to be printed

S. 1922

IN THE SENATE OF THE UNITED STATES

JUNE 7, 1961

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. HART (for himself and Mr. YOUNG of Ohio) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, viz:

1 On page 13, between lines 10 and 11, insert the follow-
2 ing:

3 “(d) Section 223 of the National Housing Act is
4 amended by redesignating subsection (b) as subsection (c),
5 and by inserting after subsection (a) the following new sub-
6 section:

7 “(b) Notwithstanding any of the provisions of this
8 title and without regard to limitations upon eligibility con-

1 tained in section 221, the Commissioner may in his discre-
 2 tion insure under section 221 (d) (3) any mortgage executed
 3 by a mortgagor of the character described therein where
 4 such mortgage is given to refinance a mortgage covering an
 5 existing property or project (other than a one- to four-
 6 family structure) located in an urban renewal area, if the
 7 Commissioner finds that such insurance will facilitate the
 8 occupancy of dwelling units in the property or project by
 9 families of low or moderate income or families displaced from
 10 an urban renewal area or displaced as a result of govern-
 11 mental action.’”

12 On page 70, between lines 2 and 3, insert the follow-
 13 ing:

14 “(c) Such section is further amended—

15 “(1) by striking out in subsection (a) (7) the
 16 words ‘section 903 or section 908 of title IX’ and in-
 17 serting in lieu thereof ‘section 220, 221, 903, or 908’;
 18 and

19 “(2) by striking out in such subsection the words
 20 ‘insured under section 608 or 908’.”

AMENDMENTS

Intended to be proposed by Mr. HART (for himself and Mr. Young of Ohio) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

JUNE 7, 1961

Ordered to lie on the table and to be printed

Calendar No. 252

87TH CONGRESS
1ST SESSION

S. 1922

IN THE SENATE OF THE UNITED STATES

JUNE 6, 1961

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. HARTKE to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, viz:

1 On page 36, between lines 15 and 16, insert a new sec-
2 tion as follows:

3 "ENCOURAGEMENT OF HOUSING FOR THE ELDERLY
4 THROUGH CERTAIN TAX INCENTIVES

5 "SEC. 202. (a) Part VI of subchapter B of chapter 1
6 of the Internal Revenue Code of 1954 (relating to itemized
7 deductions for individuals and corporations) is amended by
8 adding at the end thereof the following new section:

1 “SEC. 181. AMORTIZATION OF HOUSING FACILITIES FOR
2 ELDERLY PERSONS OF LOW INCOME.

3 ““(a) ALLOWANCE OF DEDUCTION.—

4 ““(1) ORIGINAL OWNER.—Any person who con-
5 structs a housing facility for elderly persons of low in-
6 come (as defined in subsection (d) (3)) shall, at his
7 election, be entitled to a deduction with respect to the
8 amortization of the adjusted basis (for determining
9 gain) of such facility based on a period of 60 months.
10 The 60-month period shall begin as to any such facility,
11 at the election of the taxpayer, with the month follow-
12 ing the month in which the facility was completed, or
13 with the succeeding taxable year.

14 ““(2) SUBSEQUENT OWNERS.—Any person who
15 acquires a housing facility for elderly persons of low in-
16 come from a taxpayer who—

17 ““(A) elected under subsection (b) to take the
18 amortization deduction provided by this subsection
19 with respect to such facility, and

20 ““(B) did not discontinue the amortization de-
21 duction pursuant to subsection (c) (1),
22 shall, at his election, be entitled to a deduction with
23 respect to the adjusted basis (determined under sub-
24 section (f) (2) of such facility based on the period, if
25 any, remaining (at the time of acquisition) in the 60-

1 month period elected under subsection (b) by the per-
2 son who constructed such facility. This paragraph shall
3 not apply if, prior to the time of acquisition of such
4 facility, the amortization deduction has been terminated
5 under subsection (c) (2).

6 “ (3) AMOUNT OF DEDUCTION.—The amortization
7 deduction provided in paragraphs (1) and (2) shall
8 be an amount, with respect to each month of the amor-
9 tization period within the taxable year, equal to the ad-
10 justed basis of the facility at the end of such month,
11 divided by the number of months (including the month
12 for which the deduction is computed) remaining in the
13 period. Such adjusted basis at the end of the month
14 shall be computed without regard to the amortization
15 deduction for such month. The amortization deduction
16 above provided with respect to any month shall be in
17 lieu of the depreciation deduction with respect to such
18 facility for such month provided by section 167.

19 “ (b) ELECTION OF AMORTIZATION.—The election of
20 the taxpayer under subsection (a) (1) to take the amortiza-
21 tion deduction and to begin the 60-month period with the
22 month following the month in which the facility was com-
23 pleted shall be made only by a statement to that effect in
24 the return for the taxable year in which the facility was com-
25 pleted. The election of the taxpayer under subsection

1 (a) (1) to take the amortization deduction and to begin
2 such period with the taxable year succeeding such year shall
3 be made only by a statement to that effect in the return for
4 such succeeding taxable year. The election of the taxpayer
5 under subsection (a) (2) to take the amortization deduction
6 shall be made only by a statement to that effect in the return
7 for the taxable year in which the facility was acquired. Not-
8 withstanding the preceding three sentences, the election of
9 the taxpayer under subsection (a) (1) or (2) may be
10 made, under such regulations as the Secretary or his delegate
11 may prescribe, before the time prescribed in the applicable
12 sentence.

13 “ ‘ (c) TERMINATION OF AMORTIZATION DEDUCTION.—

14 “ ‘ (1) TERMINATION BY TAXPAYER.—A taxpayer
15 which has elected under subsection (b) to take the
16 amortization deduction provided in subsection (a) may,
17 at any time after making such election, discontinue the
18 amortization deduction with respect to the remainder
19 of the amortization period, such discontinuance to begin
20 as of the beginning of any month specified by the tax-
21 payer in a notice in writing filed with the Secretary
22 or his delegate before the beginning of such month.

23 “ ‘ (2) TERMINATION BY SECRETARY.—The amorti-
24 zation deduction provided in subsection (a) shall ter-
25minate with respect to any housing facility for elderly

persons of low income if the Secretary or his delegate finds that, during any month, any of the occupied dwelling units in such facility, or of which such facility is a part, is not occupied by an elderly person of low income (within the meaning of subsection (d) (4)). Such termination shall be effective as of the beginning of the month in respect of which such finding is made.

“(3) DEPRECIATION DEDUCTION.—The depreciation deduction provided under section 167 shall be allowed, beginning with the first month as to which the amortization deduction does not apply, and the taxpayer shall not be entitled to any further amortization deduction with respect to such facility.

“(d) DEFINITIONS.—For purposes of this section—

“(1) ELDERLY PERSON OF LOW INCOME.—The term “elderly person of low income” means, with respect to any housing facility, an individual who has attained the age of 60 and—

“(A) whose annual income, together with the annual incomes of all individuals who maintain their principal place of abode with him, is below the median annual family income of families residing in the area in which such housing facility is located, and

“(B) who cannot afford to pay sufficient rent

1 to cause private enterprise in such area to provide
2 him and the individuals who maintain their principal
3 place of abode with him with decent, safe, and
4 sanitary rental housing.

5 “(2) HOUSING FACILITY.—The term “housing fa-
6 cility” means any property which provides 8 or more
7 dwelling units, and any property which together with
8 other adjacent property or properties of the taxpayer
9 provides 8 or more dwelling units. Such term includes
10 only property of a character which is subject to the
11 allowance for depreciation provided in section 167.

12 “(3) HOUSING FACILITY FOR ELDERLY PERSONS
13 OF LOW INCOME.—The term “housing facility for elderly
14 persons of low income” means any housing facility—

15 “(A) the construction of which is completed
16 after December 31, 1960,

17 “(B) which is constructed to provide rental
18 housing for elderly persons of low income,

19 “(C) the dwelling units in which, or of which
20 such housing facility is a part, are specially designed
21 for the use and occupancy of elderly persons, and

22 “(D) with respect to which a certificate has
23 been issued by the Housing and Home Finance Ad-
24 ministrators under subsection (e).

25 If any housing facility is converted, through alteration,

reconstruction, or remodeling, into a housing facility for elderly persons of low income (as defined in the preceding sentence), or if any housing facility for elderly persons of low income (as so defined) is altered, reconstructed, or remodeled so as to increase the number of dwelling units in such facility, or of which such facility is a part, such alteration, reconstruction, or remodeling shall be treated as the construction of a housing facility for elderly persons of low income. The term "housing facility for elderly persons of low income" does not include any housing facility which is constructed or acquired with funds granted or loaned, or the repayment of which is guaranteed or insured, by the United States or any agency or instrumentality of the United States, or by any State or political subdivision thereof, or any agency or instrumentality of any State or political subdivision.

"(4) OCCUPANCY OF DWELLING UNITS BY ELDERLY PERSONS OF LOW INCOME.—A dwelling unit shall be considered as occupied by an elderly person of low income only if—

"(A) the dwelling unit is the principal place of abode of one or more elderly persons of low income, and

"(B) if any individual (other than the spouse

1 of an elderly person of low income) who is not an
2 elderly person of low income also makes such dwell-
3 ing unit his principal place of abode, the combined
4 adjusted gross incomes of all such individuals is
5 less than the combined adjusted gross incomes of
6 the elderly persons of low income and their spouses
7 who make such unit their principal place of abode.

8 “(e) CERTIFICATION BY HOUSING AND HOME FI-
9 NANCE ADMINISTRATION.—

10 “(1) APPLICATION.—Any person who after De-
11 cember 31, 1961, completes the construction of a
12 housing facility for elderly persons of low income may
13 apply to the Housing and Home Finance Administrator
14 for a certificate under this subsection. Such application
15 shall be filed at such time, shall be in such form, and
16 shall contain such information as the Administrator may
17 prescribe by regulations.

18 “(2) REQUIREMENTS.—The Administrator shall
19 issue a certificate with respect to a housing facility if
20 he is satisfied that—

21 “(A) such housing facility has been construct-
22 ed to provide rental housing for elderly persons of
23 low income, and the dwelling units in such housing
24 facility, or of which such housing facility is a part,

are specially designed for the use and occupancy of elderly persons;

“(B) no part of the cost of the construction of such housing facility has been or will be defrayed from funds granted or loaned, or the repayment of which is guaranteed or insured, by the United States or any agency or instrumentality of the United States, or by any State or political subdivision thereof or any agency or instrumentality of any State or political subdivision;

“(C) the portion of the cost of construction of such housing facility allocable to each dwelling unit does not exceed an amount prescribed by the Administrator for the area in which such housing facility is located; and

“(D) for a period of 20 years commencing with the completion of the construction of such housing facility—

“(i) the dwelling units in such housing facility, or of which such facility is a part, will be made available solely for occupancy by elderly persons of low income, and

“(ii) the rent which will be charged for occupancy of a dwelling unit will not exceed

1 such amount as the Administrator may approve
2 as being within the ability of elderly persons of
3 low income residing in the area in which such
4 facility is located to pay.

5 The Administrator may require an applicant to provide
6 such assurances with respect to the requirements of sub-
7 paragraph (D) as he may prescribe by regulations and
8 such additional assurances with respect to such require-
9 ments as he may prescribe with respect to any housing
10 facility. Such assurances shall be in such form as the
11 Administrator deems necessary to insure compliance
12 with such requirements, and may include covenants,
13 conditions, and bonds.

14 “(3) REMODELED HOUSING FACILITY.—In the
15 case of a housing facility for elderly persons of low in-
16 come within the meaning of the second sentence of sub-
17 section (d) (3), the cost of construction referred to in
18 paragraph (2) means only the cost of the alteration, re-
19 construction, or remodeling which constitutes construc-
20 tion within the meaning of such sentence.

21 “(4) PRELIMINARY CERTIFICATION.—An appli-
22 cation under paragraph (1) may be filed with respect
23 to any housing facility prior to the completion of the con-
24 struction of such housing facility. The Administrator
25 may, by regulations, provide for the issuance of a con-

ditional certificate to any such applicant if it appears from the information contained in his application that such housing facility will, upon completion, fulfill the requirements for a certificate prescribed by paragraph (2).

“(5) REGULATIONS.—The Administrator shall prescribe such regulations as he deems necessary to carry out the provisions of this subsection.

“(f) DETERMINATION OF ADJUSTED BASIS.—

“(1) ORIGINAL OWNERS.—For purposes of subsection (a) (1), in determining the adjusted basis of any housing facility for elderly persons of low income—

“(A) if the construction of such facility was begun before January 1, 1961, there shall be included only so much of the amount of the adjusted basis (computed without regard to this subsection) as is properly attributable to construction after December 31, 1960; and

“(B) if the facility is a housing facility for elderly persons of low income within the meaning of the second sentence of subsection (d) (3), there shall be included only so much of the amount otherwise included in such adjusted basis as is properly attributable to the alteration, reconstruction, or remodeling.

1 “(2) SUBSEQUENT OWNERS.—For purposes of
2 subsection (a) (2), the adjusted basis of any housing
3 facility for elderly persons of low income shall be which-
4 ever of the following amounts is the smaller:

5 “(A) the basis (unadjusted) of such facility
6 for purposes of this section in the hands of the trans-
7 feror, donor, or grantor, adjusted as if such facility
8 in the hands of the taxpayer had a substituted basis
9 within the meaning of section 1016 (b) ; or

10 “(B) so much of the adjusted basis (for deter-
11 mining gain) of the facility in the hands of the tax-
12 payer (computed without regard to this subsection)
13 as is properly attributable to construction after
14 December 31, 1960.

15 “(3) SEPARATE FACILITIES; SPECIAL RULE.—If
16 any existing housing facility for elderly persons of low
17 income as defined in the first sentence of subsection
18 (d) (3) is altered, reconstructed, or remodeled as pro-
19 vided in the second sentence of subsection (d) (3),
20 the expenditures for such alteration, reconstruction, or
21 remodeling shall not be applied in adjustment of the
22 basis of such existing facility but a separate basis shall
23 be computed as if the part altered, reconstructed, or
24 remodeled were a new and separate housing facility for
25 elderly persons of low income.

1 “(g) DEPRECIATION DEDUCTION.—If the adjusted
 2 basis of a housing facility for elderly persons of low income
 3 (computed without regard to subsection (f)) exceeds the
 4 adjusted basis computed under subsection (f), the deprecia-
 5 tion deduction provided by section 167 shall, despite the
 6 provisions of subsection (a) (3) of this section, be allowed
 7 with respect to such facility as if the adjusted basis for the
 8 purpose of such deduction were an amount equal to the
 9 amount of such excess.

10 “(h) LIFE TENANT AND REMAINDERMAN.—In the
 11 case of property held by one person for life with remainder
 12 to another person, the amortization deduction provided in
 13 subsection (a) shall be computed as if the life tenant were
 14 the absolute owner of the property and shall be allowed to the
 15 life tenant.

16 “(i) CROSS REFERENCE.—

“‘For special rule with respect to gain derived from
 the sale or exchange of property the adjusted basis of
 which is determined with regard to this section, see
 section 1238.’

17 “(b) (1) The table of sections for part VI of sub-
 18 chapter B of chapter 1 of the Internal Revenue Code of 1954
 19 is amended by adding at the end thereof

“‘Sec. 181. Amortization of housing facilities for elderly
 persons of low income.’

20 “(2) Section 1238 of the Internal Revenue Code of
 21 1954 (relating to amortization in excess of depreciation) is

1 amended by inserting after 'section 168 (relating to amorti-
2 zation deduction of emergency facilities)' the following:
3 'or section 181 (relating to amortization deduction of hous-
4 ing facilities for elderly persons of low income)'.
5

6 "(c) The amendments made by this section shall apply
7 to taxable years beginning after December 31, 1960."

8 On page 36, line 18, strike out "202" and insert "203".

9 On page 37, line 2, strike out "203" and insert "204".

10 On page 37, line 18, strike out "204" and insert "205".

11 On page 38, line 8, strike out "205" and insert "206".

12 On page 39, line 10, strike out "206" and insert "207".

13 On page 40, line 23, strike out "207" and insert "208".

On page 41, line 23, strike out "208" and insert "209".

AMENDMENTS

Intended to be proposed by Mr. HARTKE to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

JUNE 6, 1961

Ordered to lie on the table and to be printed

Calendar No. 252

87TH CONGRESS
1ST SESSION

S. 1922

IN THE SENATE OF THE UNITED STATES

JUNE 6, 1961

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. HARTKE to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, viz:

1 On page 36, between lines 15 and 16 insert a new
2 section as follows:

3 “ENCOURAGEMENT OF HOUSING FOR THE ELDERLY
4 THROUGH CERTAIN TAX INCENTIVES

5 “SEC. 202. (a) Part VI of subchapter B of chapter 1
6 of the Internal Revenue Code of 1954 (relating to item-
7 ized deductions for individuals and corporations) is amended
8 by adding at the end thereof the following new section:

1 “SEC. 181. AMORTIZATION OF HOUSING FACILITIES FOR
2 ELDERLY PERSONS OF LOW INCOME

3 ““(a) ALLOWANCE OF DEDUCTION.—

4 ““(1) ORIGINAL OWNER.—Any person who con-
5 structs a housing facility for elderly persons of low in-
6 come (as defined in subsection (d) (3)) shall, at his
7 election, be entitled to a deduction with respect to the
8 amortization of the adjusted basis (for determining
9 gain) of such facility based on a period of 60 months.
10 The 60-month period shall begin as to any such facility,
11 at the election of the taxpayer, with the month follow-
12 ing the month in which the facility was completed, or
13 with the succeeding taxable year.

14 ““SUBSEQUENT OWNERS.—Any person who ac-
15 quires a housing facility for elderly persons of low in-
16 come from a taxpayer who—

17 ““(A) elected under subsection (b) to take
18 the amortization deduction provided by this subsec-
19 tion with respect to such facility, and

20 ““(B) did not discontinue the amortization de-
21 duction pursuant to subsection (c) (1),
22 shall, at his election, be entitled to a deduction with
23 respect to the adjusted basis (determined under sub-
24 section (f) (2) of such facility based on the period, if
25 any, remaining (at the time of acquisition) in the 60-

1 month period elected under subsection (b) by the per-
2 son who constructed such facility. This paragraph shall
3 not apply if, prior to the time of acquisition of such
4 facility, the amortization deduction has been terminated
5 under subsection (c) (2).

6 ““(3) AMOUNT OF DEDUCTION.—The amortization
7 deduction provided in paragraphs (1) and (2) shall
8 be an amount, with respect to each month of the amor-
9 tization period within the taxable year, equal to the ad-
10 justed basis of the facility at the end of such month,
11 divided by the number of months (including the month
12 for which the deduction is computed) remaining in the
13 period. Such adjusted basis at the end of the month
14 shall be computed without regard to the amortization
15 deduction for such month. The amortization deduction
16 above provided with respect to any month shall be in
17 lieu of the depreciation deduction with respect to such
18 facility for such month provided by section 167.

19 ““(b) ELECTION OF AMORTIZATION.—The election of
20 the taxpayer under subsection (a) (1) to take the amortiza-
21 tion deduction and to begin the 60-month period with the
22 month following the month in which the facility was com-
23 pleted shall be made only by a statement to that effect in
24 the return for the taxable year in which the facility was com-
25 pleted. The election of the taxpayer under subsection

1 (a) (1) to take the amortization deduction and to begin
2 such period with the taxable year succeeding such year shall
3 be made only by a statement to that effect in the return for
4 such succeeding taxable year. The election of the taxpayer
5 under subsection (a) (2) to take the amortization deduction
6 shall be made only by a statement to that effect in the return
7 for the taxable year in which the facility was acquired. Not-
8 withstanding the preceding three sentences, the election of
9 the taxpayer under subsection (a) (1) or (2) may be
10 made, under such regulations as the Secretary or his delegate
11 may prescribe, before the time prescribed in the applicable
12 sentence.

13 “ ‘ (c) TERMINATION OF AMORTIZATION DEDUCTION.—

14 “ ‘ (1) TERMINATION BY TAXPAYER.—A taxpayer
15 which has elected under subsection (b) to take the
16 amortization deduction provided in subsection (a) may
17 at any time after making such election, discontinue the
18 amortization deduction with respect to the remainder
19 of the amortization period, such discontinuance to begin
20 as of the beginning of any month specified by the tax-
21 payer in a notice in writing filed with the Secretary
22 or his delegate before the beginning of such month.

23 “ ‘ (2) TERMINATION BY SECRETARY.—The amorti-
24 zation deduction provided in subsection (a) shall ter-
25minate with respect to any housing facility for elderly

persons of low income if the Secretary or his delegate finds that, during any month, any of the occupied dwelling units in such facility, or of which such facility is a part, is not occupied by an elderly person of low income (within the meaning of subsection (d) (4)). Such termination shall be effective as of the beginning of the month in respect of which such finding is made.

“(3) DEPRECIATION DEDUCTION.—The depreciation deduction provided under section 167 shall be allowed, beginning with the first month as to which the amortization deduction does not apply, and the taxpayer shall not be entitled to any further amortization deduction with respect to such facility.

“(d) DEFINITIONS.—For purposes of this section—

“(1) ELDERLY PERSON OF LOW INCOME.—The term “elderly person of low income” means, with respect to any housing facility, an individual who has attained the age of 60 and—

“(A) whose annual income, together with the annual incomes of all individuals who maintain their principal place of abode with him, is below the median annual family income of families residing in the area in which such housing facility is located, and

“(B) who cannot afford to pay sufficient rent

1 to cause private enterprise in such area to provide
2 him and the individuals who maintain their principal
3 place of abode with him with decent, safe, and
4 sanitary rental housing.

5 “(2) HOUSING FACILITY.—The term “housing fa-
6 cility” means any property which provides 8 or more
7 dwelling units, and any property which together with
8 other adjacent property or properties of the taxpayer
9 provides 8 or more dwelling units. Such term includes
10 only property of a character which is subject to the
11 allowance for depreciation provided in section 167.

12 “(3) HOUSING FACILITIES FOR ELDERLY PER-
13 SONS OF LOW INCOME.—The term “housing facility for
14 elderly persons of low income” means any housing fa-
15 cility—

16 “(A) the construction of which is completed
17 after December 31, 1960,

18 “(B) which is constructed to provide rental
19 housing for elderly persons of low income,

20 “(C) the dwelling units in which, or of which
21 such housing facility is a part, are specially designed
22 for the use and occupancy of elderly persons, and

23 “(D) with respect to which a certificate has
24 been issued by the Housing and Home Finance Ad-
25 ministrators under subsection (e).

1 If any housing facility is converted, through alteration,
 2 reconstruction, or remodeling, into a housing facility for
 3 elderly persons of low income (as defined in the preced-
 4 ing sentence), or if any housing facility for elderly per-
 5 sons of low income (as so defined) is altered, recon-
 6 structed, or remodeled so as to increase the number of
 7 dwelling units in such facility, or of which such facility
 8 is a part, such alteration, reconstruction, or remodeling
 9 shall be treated as the construction of a housing facility
 10 for elderly persons of low income. The term "housing
 11 facility for elderly persons of low income" does not in-
 12 clude any housing facility which is constructed or
 13 acquired with funds granted or loaned, or the repayment
 14 of which is guaranteed or insured, by the United States
 15 or any agency or instrumentality of the United States,
 16 or by any State or political subdivision thereof or any
 17 agency or instrumentality of any State or political sub-
 18 division.

19 "“(4) OCCUPANCY OF DWELLING UNITS BY
 20 ELDERLY PERSONS OF LOW INCOME.—A dwelling unit
 21 shall be considered as occupied by an elderly person
 22 of low income only if—

23 "“(A) the dwelling unit is the principal place
 24 of abode of one or more elderly persons of low
 25 income, and

1 “(B) if any individual (other than the spouse
 2 of an elderly person of low income) who is not an
 3 elderly person of low income also makes such dwell-
 4 ing unit his principal place of abode, the combined
 5 adjusted gross incomes of all such individuals is
 6 less than the combined adjusted gross incomes of
 7 the elderly persons of low income and their spouses
 8 who make such unit their principal place of abode.

9 “(e) CERTIFICATION BY HOUSING AND HOME
 10 FINANCE ADMINISTRATOR.—

11 “(1) APPLICATION.—Any person who after De-
 12 cember 31, 1961, completes the construction of a
 13 housing facility for elderly persons of low income may
 14 apply to the Housing and Home Finance Administrator
 15 for a certificate under this subsection. Such application
 16 shall be filed at such time, shall be in such form, and
 17 shall contain such information as the Administrator may
 18 prescribe by regulations.

19 “(2) REQUIREMENTS.—The Administrator shall
 20 issue a certificate with respect to a housing facility if
 21 he is satisfied that—

22 “(A) such housing facility has been constructed
 23 to provide rental housing for elderly persons of low
 24 income, and the dwelling units in such housing
 25 facility, or of which such housing facility is a part,

1 are specially designed for the use and occupancy
2 of elderly persons;

3 “ ‘ (B) no part of the cost of the construction of
4 such housing facility has been or will be defrayed
5 from funds granted or loaned, or the repayment of
6 which is guaranteed or insured, by the United States
7 or any agency or instrumentality of the United
8 States, or by any State or political subdivision
9 thereof or any agency or instrumentality of any
10 State or political subdivision;

11 “ ‘ (C) the portion of the cost of construction of
12 such housing facility allocable to each dwelling unit
13 does not exceed an amount prescribed by the Ad-
14 ministrator for the area in which such housing fa-
15 cility is located; and

16 “ ‘ (D) for a period of twenty years commenc-
17 ing with the completion of the construction of such
18 housing facility—

19 “ ‘ (i) the dwelling units in such housing fa-
20 cility, or of which such facility is a part, will
21 be made available solely for occupancy by
22 elderly persons of low income, and

23 “ ‘ (ii) the rent which will be charged for
24 occupancy of a dwelling unit will not exceed
25 such amount as the Administrator may approve

1 as being within the ability of elderly persons of
2 low income residing in the area in which such
3 facility is located to pay.

4 The Administrator may require an applicant to provide
5 such assurances with respect to the requirements of sub-
6 paragraph (D) as he may prescribe by regulations and
7 such additional assurances with respect to such require-
8 ments as he may prescribe with respect to any housing
9 facility. Such assurances shall be in such form as the
10 Administrator deems necessary to insure compliance
11 with such requirements, and may include covenants,
12 conditions, and bonds.

13 “ ‘(3) REMODELED HOUSING FACILITY.—In the
14 case of a housing facility for elderly persons of low in-
15 come within the meaning of the second sentence of sub-
16 section (d) (3), the cost of construction referred to in
17 paragraph (2) means only the cost of the alteration, re-
18 construction, or remodeling which constitutes construc-
19 tion within the meaning of such sentence.

20 “ ‘(4) PRELIMINARY CERTIFICATION.—An appli-
21 cation under paragraph (1) may be filed with respect to
22 any housing facility prior to the completion of the con-
23 struction of such housing facility. The Administrator
24 may, by regulations, provide for the issuance of a con-
25 ditional certificate to any such applicant if it appears

1 from the information contained in his application that
2 such housing facility will, upon completion, fulfill the
3 requirements for a certificate prescribed by paragraph
4 (2).

5 ““(5) REGULATIONS.—The Administrator shall
6 prescribe such regulations as he deems necessary to
7 carry out the provisions of this subsection.

8 ““(f) DETERMINATION OF ADJUSTED BASIS.—

9 ““(1) ORIGINAL OWNERS.—For purposes of sub-
10 section (a) (1), in determining the adjusted basis of
11 any housing facility for elderly persons of low income—

12 ““(A) if the construction of such facility was
13 begun before January 1, 1961, there shall be in-
14 cluded only so much of the amount of the adjusted
15 basis (computed without regard to this subsection)
16 as is properly attributable to construction after De-
17 cember 31, 1960; and

18 ““(B) if the facility is a housing facility for
19 elderly persons of low income within the meaning
20 of the second sentence of subsection (d) (3), there
21 shall be included only so much of the amount other-
22 wise included in such adjusted basis as is properly
23 attributable to the alteration, reconstruction, or
24 remodeling.

25 ““(2) SUBSEQUENT OWNERS.—For purposes of

1 subsection (a) (2), the adjusted basis of any housing
2 facility for elderly persons of low income shall be which-
3 ever of the following amounts is the smaller:

4 “ (A) the basis (unadjusted) of such facility
5 for purposes of this section in the hands of the trans-
6 feror, donor, or grantor, adjusted as if such facility
7 in the hands of the taxpayer had a substituted basis
8 within the meaning of section 1016 (b) ; or

9 “ (B) so much of the adjusted basis (for deter-
10 mining gain) of the facility in the hands of the tax-
11 payer (computed without regard to this subsection)
12 as is properly attributable to construction after
13 December 31, 1960.

14 “ (3) SEPARATE FACILITIES; SPECIAL RULE.—If
15 any existing housing facility for elderly persons of low
16 income as defined in the first sentence of subsection
17 (d) (3) is altered, reconstructed, or remodeled as pro-
18 vided in the second sentence of subsection (d) (3),
19 the expenditures for such alteration, reconstruction, or
20 remodeling shall not be applied in adjustment of the
21 basis of such existing facility but a separate basis shall
22 be computed as if the part altered, reconstructed, or
23 remodeled were a new and separate housing facility for
24 elderly persons of low income.

25 “ (g) DEPRECIATION DEDUCTION.—If the adjusted

basis of a housing facility for elderly persons of low income (computed without regard to subsection (f)) exceeds the adjusted basis computed under subsection (f), the depreciation deduction provided by section 167 shall, despite the provisions of subsection (a) (3) of this section, be allowed with respect to such facility as if the adjusted basis for the purpose of such deduction were an amount equal to the amount of such excess.

“(h) LIFE TENANT AND REMAINDERMAN.—In the case of property held by one person for life with remainder to another person, the amortization deduction provided in subsection (a) shall be computed as if the life tenant were the absolute owner of the property and shall be allowed to the life tenant.

“(i) CROSS REFERENCE.—

“‘For special rule with respect to gain derived from the sale or exchange of property the adjusted basis of which is determined with regard to this section, see section 1238.’

“(b) (1) The table of sections for part VI of subchapter B of chapter 1 of the Internal Revenue Code of 1954 is amended by adding at the end thereof

“‘Sec. 181. Amortization of housing facilities for elderly persons of low income.’

“(2) Section 1238 of the Internal Revenue Code of 1954 (relating to amortization in excess of depreciation) is

1 amended by inserting after 'section 168 (relating to amorti-
2 zation deduction of emergency facilities)' the following:
3 'or section 181 (relating to amortization deduction of hous-
4 ing facilities for elderly persons of low income)'.

5 “(c) The amendments made by this section shall apply
6 to taxable years beginning after December 31, 1960.”

7 On page 36, line 18, strike out “202” and insert “203”.

8 On page 37, line 2, strike out “203” and insert “204”.

9 On page 37, line 18, strike out “204” and insert “205”.

10 On page 38, line 8, strike out “205” and insert “206”.

11 On page 39, line 10, strike out “206” and insert “207”.

12 On page 40, line 23, strike out “207” and insert “208”.

13 On page 41, line 23, strike out “208” and insert “209”.

AMENDMENTS

Intended to be proposed by Mr. HARTKE to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

JUNE 6, 1961

Ordered to lie on the table and to be printed

Calendar No. 252

87TH CONGRESS
1ST SESSION

S. 1922

IN THE SENATE OF THE UNITED STATES

MAY 23, 1961

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. JAVITS (for himself and Mr. DOUGLAS) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, viz: On page 87 following line 8, insert the following:

1 (3) Subsections (a) and (b) of such section 1811 are
2 amended to read as follows:

3 “(a) Whenever the Administrator finds that private
4 capital is not generally available in any area for the financing
5 of loans guaranteed under section 1810 of this title, he shall
6 designate such area as a ‘housing credit shortage area’, and

1 shall make, or enter into commitments to make, to any World
2 War II or Korean conflict veteran eligible under this title,
3 a loan for any or all of the purposes listed in section 1810 (a)
4 in such area.

5 “(b) In designating any area as a ‘housing credit short-
6 age area’ under this section, the Administrator shall give
7 primary emphasis to providing loans to veterans living in
8 areas in which participation in the guaranteed loan program
9 by veterans has been disproportionately low.”

10 (4) Paragraph (4) of subsection (i) of such section
11 1811 is amended by inserting immediately after “con-
12 structed” the following: “in rural areas or in small cities or
13 towns”.

87TH CONGRESS
1ST SESSION

S. 1922

AMENDMENT

Intended to be proposed by Mr. JAVIERS (for himself and Mr. DOUGLAS) to the bill (S. 1922) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

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